

NEWS SUMMARY

Lake search for Moro

Italian police frogmen are to resume their search at dawn for the body of Sig. Aldo Moro, the former Prime Minister, in a deserted lake on the borders of the Abruzzi and Lazio regions, about 40 miles from Rome.

The search began after a communiqué in the name of the Red Brigades had announced Sig. Moro's "suicide". Seventh in a series of such messages since the ex-Prime Minister was kidnapped on March 16, it is thought by the authorities to be authentic as to source. But there were reservations over its content. "It read, in part: 'Today (April 18) marks the end of the dictatorship of the Christian Democratic Party which for 30 years has wickedly dominated through the logistics of abuse of power. At this date, we report the carrying out of the execution of the Christian Democratic President through suicide... Aldo Moro's body is at the muddy bottom of Lake Duchessa in the province of Rieti.'"

Emergency meetings of the main political parties were called immediately and Sig. Giulio Andreotti, Prime Minister, instructed Ministers to stand-by for a special session of the Cabinet.

Official scepticism over the communiqué's contents was partly due to the suggestion that the terrorists might be seeking to divert security forces to the lake-side following police discovery yesterday morning of a reported Red Brigade hideout off Rome's Via Cassia.

The communiqué warned that "this is but the beginning of a long series of suicides" referring to the suicides of terrorists held in West Germany, it added: "Suicide must not remain the exclusive prerogative of the Bader-Meinhold group."

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Bank charges may rise after Price Commission report

BY MICHAEL BLANDEN

Customers of the big banks could face higher charges following yesterday's publication of the Price Commission report on the banks, but they could get some compensation in the form of interest on money in current accounts.

Banks could pay interest on current account balances, the Commission suggested, and should try to achieve more flexible opening hours, including Saturday mornings.

However, the report found that the charges being made by the banks for handling cash and cheques were not excessive, a verdict which effectively clears the way for the banks to put forward proposals for new increases in charges. Lloyds, one of the big four, indicated yesterday that it would be looking at the scope for justifiable increases.

The Commission's broad conclusions were welcomed by the banks. Lord Armstrong, chairman of the Committee of London Clearing Bankers, said that "banks have done their best to shield customers from the inflationary increases in bank costs and it is right that the public should know".

The report recognised that the profits of the big banks had suffered in real terms as a result of inflation, and had not been adequate in recent years to maintain the level of their free capital which provides protection against risks.

The Commission gave a favourable verdict for the banks on the question of the costs of distributing cash to their branches. The report argued that the average of £750m. of cash held at bank branches last year was in effect an interest-free loan to the Government, and that the costs should not be borne by the banks and their customers.

This recommendation was also welcomed by the banks, and Lord Armstrong indicated that they would wish to discuss it with the authorities.

The Commission, added some barbs in the report, indicating that in considering any further increases in charges it would take into account how far the banks had moved towards adopting its recommendations.

Among the points raised were the argument that fuller credit would be given to customers for the income gained by the banks as a result of their current account deposits. This would be done either by paying interest on current accounts or, a method more likely to be acceptable to the banks, by adjusting the national interest rate allowed to offset charges.

The report follows an examination by the Commission of the structure of bank charges for their money transmission services—the handling of cash, cheques and other forms of payment. It has viewed its brief in the wider context of the overall activities of the 17 banks covered. The findings are now being considered by Mr. Roy Hattersley, the Prices Secretary, who will be talking to the banks and other interested parties about the report.

Banks are pressed by the report to disclose their general provisions against bad and doubtful debts, which they have so far kept secret but which the Commission regarded as part of their capital.

Discussing changes in bank opening hours the report said: "Continued on Back Page"

Sterling given more support

BY MICHAEL BLANDEN

THE POUND came under continued pressure yesterday with the Bank of England intervening again to support the rate in the spot and the short-dated forward exchange markets.

The money markets remained uncertain in the wake of last week's Budget measures, but share prices improved on modest demand to leave the Financial Times Index up by 6.8 points at 433.5.

Prices of gilt-edged stocks were little changed, with the Financial Times Government Securities Index rising 0.02 to 71.75.

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Japan attacks Europe over ship output

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PARIS, April 18.

JAPAN delivered a stinging attack yesterday on European shipbuilders' failure to join its yards in planned restructuring of the industry in the face of the prolonged world shipping and shipbuilding crises.

In a table-turning exercise within the shipbuilding working party of the Organisation for Economic Co-operation and Development, the Japanese were able to point to internationally agreed figures showing that western European shipyards actually increased their output last year.

The implication of the Japanese case, presented with some relish at today's meeting here, was that shipbuilding restraint measures agreed by Tokyo last year in the face of criticism from the European members of the Organisation, could be re-considered.

Britain, which has possibly the least commitment to planned restructuring of all the European shipbuilders, is regarded by the Japanese as a pillar of this inertia.

Although some European delegates were taken by surprise at the force of Japan's arguments today, they do not regard seriously the veiled threat of renouncing the 5 per cent. price rise. They say that the new figures simply show that last year's policy of making Japan slightly less competitive has worked.

Moreover, they accept privately that the severity of the crisis by next year will have forced heavy cuts on all European shipbuilders.

The working party turns its attention to-morrow to a suggestion for easing OECD credit guidelines on ship exports and the question of what to do about the growing strength of some third world shipbuilders outside the organisation, especially South Korea.

It emerged in Paris to-day that South Korea has made informal approaches for some sort of working relationship with the OECD and some members of the organisation are in favour of granting South Korea observer status in groups such as the shipbuilding working party. Norway plans big cut. Page 6

Forces drain admitted

Mr. James Callaghan admitted in the Commons that leaked figures which show a heavy drain of men from the armed forces because of dissatisfaction over pay were probably correct.

On the strength of the figures Mrs. Margaret Thatcher, Opposition leader, pressed the Prime Minister to give the Services an increase over the 10 per cent. guidelines. - Whitehall concern. Page 10

Panama treaty

The U.S. Senate last night ratified the second Panama Canal treaty which will permit Panama to take over the canal at the end of the century. Voting was 88 to 32 for the measure which has taken 14 years to negotiate.

NUJ ruling

The Attorney-General was granted permission to bring High Court proceedings for alleged contempt of court against the National Union of Journalists. This follows the naming to the union's newspaper of Colonel B, a prosecution witness at the official secrets charges. NUI conference. Page 14

Bryant cleared

Mr. Christopher Bryant, chairman of the Bryant construction group, was found not guilty at the Old Bailey on two counts of conspiracy to corrupt and dishonestly. Page 8

Mormon trail

Canadian police said they were following a "pretty cold trail" in their efforts to trace Miss Joyce McKinney and Mr. Keith May, the Mormon couple who jumped bail in London where they face kidnapping charges. Briefly...

Spain to abolish the death penalty

Spain is to abolish the death penalty and introduce sentences of up to 40 years imprisonment in its place.

Manchester City council rejected an application by the National Front to hold a private meeting

Manchester City council rejected an application by the National Front to hold a private meeting at the Manchester High School on Friday.

The dissident former Soviet General Pyotr Grigorenko, 70, has requested political asylum in the U.S.

Owen sees room for hope in Rhodesia negotiations

BY RICHARD EVANS AND BRIDGET BLOOM

DR. DAVID OWEN, the Foreign Secretary, told the Commons shortly after his return from Salisbury yesterday that there remained major differences between the supporters and opponents of the internal settlement in Rhodesia, but that he did not rule out widening the existing areas of agreement.

Again under pressure from Conservative MP Dr. Owen said that the U.K. and U.S. might have to accept exclusion of the guerrilla Patriotic Front if free and fair elections were held without it.

He insisted that by far the best chance for a long-term settlement lay in persuading the Front to take part in cease-fire negotiations, and then in elections.

There was room for compromise between the Salisbury Government and the Front in two key areas he said. First, the Front had accepted a role for the UN in cease-fire policing, while Salisbury was now aware that acceptance by them of the UN could mean that sanctions would be lifted before independence.

Only time can tell whether this is wishful thinking, given the wide gap between the Front and the Salisbury Government. In any case it is recognised that several more meetings may be needed, probably at official level, before an all-party conference is possible.

Tony Hawkins writes from Salisbury: The executive council, composed of Mr. Ian Smith, Bishop Muzorewa, the Rev. Ndabaningi Sithole, and Chief Chirau met in Salisbury yesterday without apparently discussing the Anglo-American proposals for a conference.

They concentrated on arrangements for bringing about a cease-fire, which a statement described as the "prime task". There was astonishment at Dr. Owen's claim that all parties had moved closer to the Anglo-American plan in the talks of the past few days.

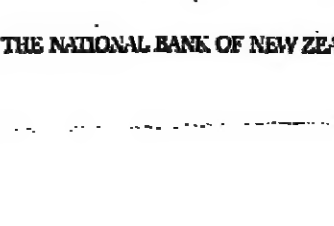
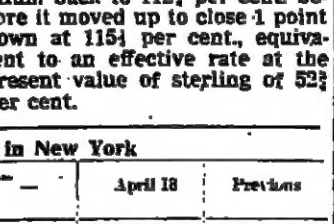
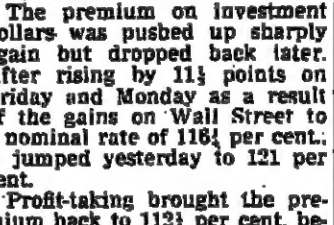
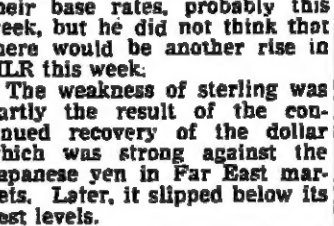
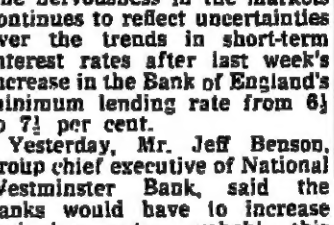
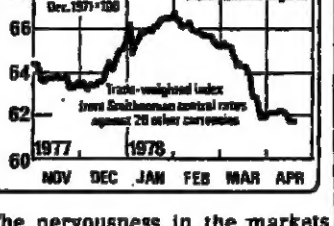
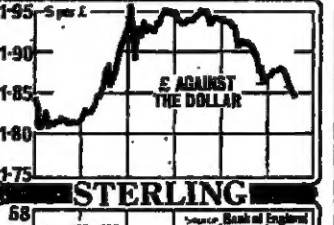
African Nationalist sources were particularly sour, saying that in their view there had been no real progress at the Salisbury talks. Parliament Page 14; Editorial Comment, Page 20; S. Africa plans Army base Page 5

New threat to bread supplies

BY PHILIP BASSETT, LABOUR STAFF

BREAD SUPPLIES could be seriously affected from the week-end by an overtime ban by 60,000 members of the bakery workers' union.

The union warned yesterday that all overtime will be banned from Sunday unless the closure of 23 Spillers bakeries is halted.



Accurate

These restraints included an artificial 5 per cent. increase in the price of Japanese vessels. The impact of this has been greatly increased by the recent appreciation of the yen. Japan also has before its Parliament a plan to finance a basic restructuring of its shipbuilding industry.

Figures for shipyard output presented at today's meeting were arrived at by the newly refined "compensated gross tonnage" unit of measurement. This unit recognises the man-hour content of sophisticated ships and is a more accurate measure of order-book length than simple gross tonnage.

According to the new figures, Japanese yards produced ships aggregating 7.5m. compensated tonnes in 1976, and 7.1m. tonnes in 1977. The comparable gross figures are 15.8m. and 11.7m.

The 13 countries belonging to the Association of West European Shipbuilders produced 8.3m. compensated tonnes last year, 8 per cent. more than the 7.7m. tonnes built in 1976. In uncompensated terms, the association's figures fell from 12.5m. to 10.3m. gross tonnes over the same period.

Japan's continued heavy reliance on simple tanker and bulk carrier orders, which have low man-hours content, has seriously affected its order book, compared with that of the west Europeans. At the end of 1977, the Europeans had 14.5m. compensated tonnes almost double the Japanese order book.

This year, yards in the association are expected to turn out vessels of 8.6m. compensated tonnes against 5.6m. from Japan.

FT 30-share index change

From today, Cadbury Schweppes replaces Spillers as a constituent of the FT Industrial Ordinary share index. The change follows Spillers' decision to withdraw from the bread industry.

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At number 50 a new development is being built, one that faithfully reflects the spirit of Avenue Foch. With three, four and five room apartments in the super-structures. And with four, six and eight room town houses in the lower part, complete with patios, planted areas and hanging gardens, a total of 4,000 square meters of outdoor living space out of 5,600 square meters.

Apartments and town houses. The style being created by the architect and the interior designer is "stone and bronze" in the tradition of this avenue that leads to the Bois de Boulogne. It is, however, a style in which nothing is too good for a free and flowing concept of space. The rooms are designed for entertaining but have that feeling of intimacy and warmth that is so much a part of our taste today.

The building program has been planned to let you reach a decision now on any internal fittings you would like to incorporate, unless you prefer those envisaged by the architect and designer.

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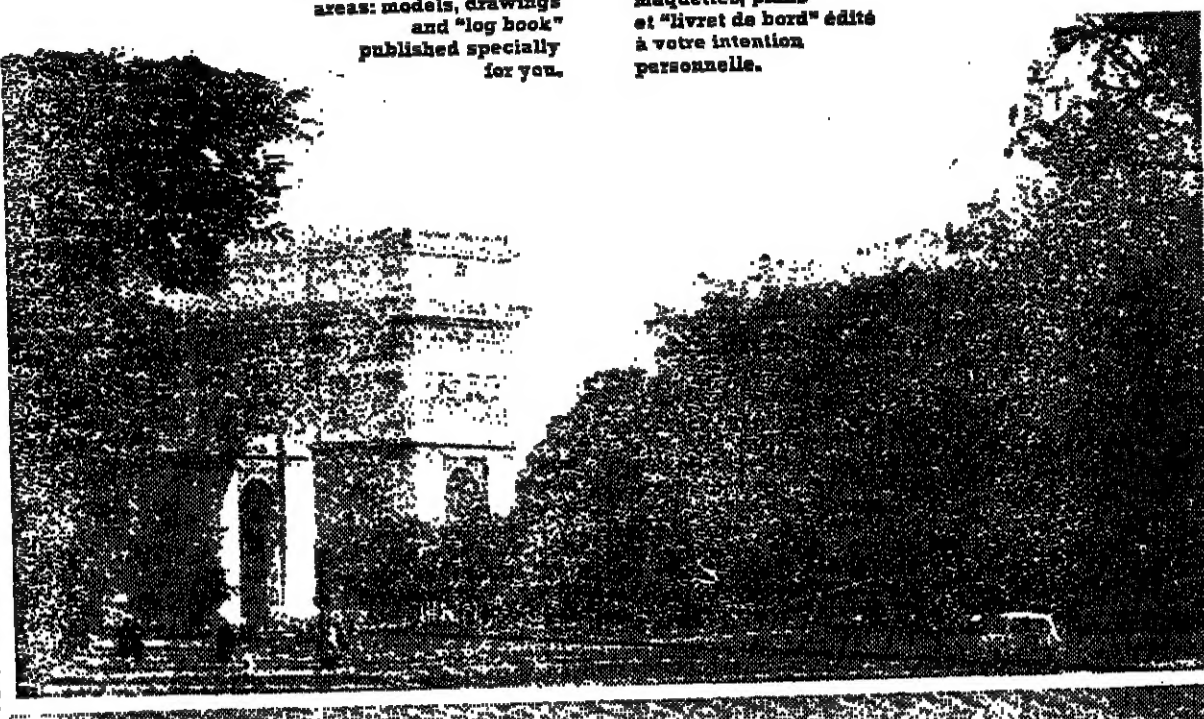
Le cinquante. Au numéro cinquante, s'édifie un ensemble nouveau et très fidèle à l'Avenue Foch. Avec des appartements de 3, 4, 5 pièces dans les superstructures. Et avec des hôtels particuliers de 4, 6, 8 pièces dans la partie basse où se mêlent patios, verdure, jardins suspendus: au total, 4,000 m² de verdure sur les 5,600.

Appartements et hôtels particuliers. L'architecte et le décorateur ont voulu un style "pierre et ton bronze" qui respecte la tradition de l'Avenue du Bois, mais qui n'a rien de rigide, grâce à une conception très libre des espaces. Les pièces sont conçues pour recevoir, mais dans un esprit d'intimité et de chaleur tout à fait dans le goût actuel.

Le calendrier des travaux. Il est conçu pour que, dès maintenant, vous puissiez vous décider sur les aménagements intérieurs que vous souhaitez - dans le cas où vous en souhaiteriez d'autres que ceux prévus par l'architecte et le décorateur.

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OCW 388

THE EUROCOMMUNISTS

Marchais: divide and rule

BY ROBERT MAUTHNER IN PARIS, APRIL 18

"THE COMMUNIST PARTY bears no responsibility for the defeat of the Left at the General Election. That was the incredible statement put out by the Politburo of the French Communist Party on March 20 after a meeting which was supposed to have analysed the reasons for the humiliating set-back suffered by the combined parties of the Left. It is the kind of self-righteous and self-satisfied judgement that the disciplined and timorous troops of any Communist Party during the Stalinist era would have swallowed without turning a hair. But Western Communism in the 1970s is not that of the 1950s, and Paris is not Prague.



Georges Marchais

Just as the French Communist leadership entirely misjudged the mood of the country during the election campaign, it has subsequently underestimated the critical faculties of its own members and supporters. Above all, it has made the mistake of trying to suppress a free debate about the shortcomings of the Party's policies and strategy in official Communist publications, notably the daily newspaper L'Humanité. The result has been that critical articles by leading Communist intellectuals and letters from militants have appeared in a wide range of papers and magazines which normally would not have been given such a fascinating insight into the internal debates of the Communist Party.

The turmoil into which the party has been thrown by the failure of the Communists and Socialists to cash in on the support they had built up in the country in the years following the adoption of the Common Programme in 1972, has thus been displayed in rare detail. The final outcome of the debate could have a profound influence on French politics in the years to come.

The criticism comes from two directions. There are those who have been opposed all along to the new "Eurocommunist" line adopted in double-quick time by

the Communist Party has not been able to adapt itself to the "realities" of modern France. Unlike the Italian Party, it has failed to extend its influence beyond the working class, which has formed the traditional basis of its support in the country. At the same time, it has placed much too much emphasis on the miserable conditions in which the workers live, given the improvements that have taken place during the past two decades. Many skilled workers, who own their apartments and a car, who had been to a technical college and whose children benefit from higher education no longer recognise themselves in the mirror held out to them by the Party.

Instead of concentrating all its attention on the poverty of the working class, the Party should take a much more dynamic stand on the new problems facing a modern industrial society, such as ecological issues, workers' participation, women's liberation and the encroachment of the bureaucracy on people's lives.

Not least, the Communist Party should take a much clearer stand of principle towards the Soviet Union, according to M. Ellstein. It must have the courage to recognise that only a very incomplete form of Socialism is practised in the Soviet Union and that political democracy is virtually extinct in that country. Not only is the Soviet Union not an example or a model to be followed, but it is an anti-model.

M. Ellstein even considers the fact that the French Party bears the same name as that of the Eastern European Communist Parties to be a handicap. The French Communist Party must clearly establish its own identity and work out a new line which is neither that of the traditional Social-Democratic movements nor that of Soviet-inspired Communism. Easier said than done, it might be objected. The 22nd Congress

already went a long way in shedding the old dogmas and if it has not gone as far as M. Ellstein and his followers would have liked, it is precisely because an influential section of the leadership feared that the borderline between Communism and Social Democracy would become blurred. If that happens, it is more likely to benefit the Socialist than the Communist Party, according to this school of thought. The potential votes which the Communists lost by taking too hard a line during the election campaign, they could just as easily have lost by judging the distinctions between their own party and other left-wing movements.

What all the critics are agreed on, however, is that a much freer expression of opinion inside the Party is required. The old system, under which there was virtually no opportunity of making the Political Bureau change its mind once it had taken a decision must be abandoned. Both the supporters and opponents of the decisions taken by the 22nd Congress complain about the manner and haste with which crucial policy changes were pushed through at the time. The television announcement by M. Georges Marchais, the Communist leader, that the phrase "Dictatorship of the Proletariat" would be dropped from the statutes, after only a very short debate within the Party.

"The central 'tele' must not replace the Central Committee," he says. Debates within the party should be permanent and transparent and be reported fully by all the main communist publications.

After at first attempting to play down the extent of the criticisms expressed within the Party by dismissing them as the outpourings of a handful of intellectuals, class misanthropes, the leadership has finally been forced to admit the existence of a "wide ranging debate."

Carrillo sets sights on respectability

BY ROBERT GRAHAM IN MADRID, APRIL 18

RESPECTABILITY IS a word that Sr Santiago Carrillo Secretary General of the Spanish Communist Party (PCE), has never sought to use. Yet above all else in the year since the party was legalised, Sr Carrillo has sought to make the party respectable, acceptably dressed for the emergent bourgeois democracy in Spain.



Santiago Carrillo

It is the acceptance of this course that Sr Carrillo wants to be endorsed by the Ninth Party Congress which opens here tomorrow. Sr Carrillo wants the party faithful as well as the country at large to accept that the PCE intends to play a responsible role in the democratic process, and more specifically that the PCE is a party of Government that can achieve power and wants to do so, through the ballot box and in broad alliance with other forces of the Left.

The last time the Party held an open congress in Spain was in 1932 in Seville before the Civil War. Because of its erstwhile underground activity under Franco for 35 years, the party is still a little bleary in broad daylight. Compared to, say, the advance publicity accompanying a congress of the Italian Communist Party everything has been played in a subdued manner. An important reason for this was Sr Carrillo's desire to avoid provoking the sensitivities of the Right and the armed forces.

It is a measure of Sr Carrillo's diplomatic approach since the legalisation of the party that he has defused, though not wholly dispelled, the suspicions aroused by a Communist Party operating legally in Spain. He has insisted, against considerable opposition from party hardliners, that the PCE adopt as its symbol the Spanish sickle superimposed, itself a rejection of the republicanism that the party fought to protect in the civil war. He has demonstrated that the PCE is not beholden to Moscow by espousing Eurocommunism, even to the extent of being prevented from speaking at last November at the 60th anniversary of the Russian Revolution.

Perhaps, more important in a purely Spanish context he has

committed the party to consensus politics. Last October he signed the Moncloa Pact—a broad package of political and economic measures proposed by the Government which included sharp deflation imposed on wage increases of 22 per cent. In a revealing comment to an interviewer, Sr Carrillo said the PCE could not wait like the other European Communist Parties for 30-odd years to the national Congress. The most obtain sufficient electoral support to make it a major political force. "The Party intends to achieve this in much less time and must act more boldly to do so," he added. At the elections last June the Party obtained 9.3 per cent of the vote. Since then it has probably increased its vote-catching potential and has certainly boosted membership by almost 150,000 to some 220,000. Sr Carrillo seems to be aiming for a position in the main party of the Left, eating into the Socialist vote and capitalising on the latter's lack of ideological coherence.

Sr Carrillo has dragged the party along with him and its present strength owes much to his personality, his beliefs and his widely regarded political acumen. Everyone concedes that he is one of the few, if not the only, seasoned politician among a bunch of amateurs.

Although the Party is the best organised in Spain, it nevertheless lacks the reputation of one man's views. This could put him in an

exposed position within the party. For the moment there is no serious challenge, largely because according to his detractors he has made sure that opponents have no power. But a nagging suspicion of opportunism remains which has stirred up debate within the Party over his tactics and ideological posture. This was evident in the regional congresses of the Party prior to the national Congress. The most spectacular disagreements have been in Asturias where 113 of 500 delegates left the hall and in Barcelona where three members of the PSUC, the Catalan Communist Party, tendered their resignation. The PSUC has in the past always considered itself the vanguard of the Communist movement. There was also heated debate in the large Madrid section of the Party. Disagreements centre around two principal issues.

There is resentment that the leadership has behaved arrogantly and insensitively—adopting policies without proper consultation. In particular, critics complain that there has been insufficient explanation of why Sr Carrillo openly supported the Government by signing the Moncloa Pact. They argue that Sr Carrillo is making the working class pay for a bourgeois democracy that will bring dubious benefits for the working class.

Secondly, Sr Carrillo has taken to task for the renouveau "Leninism" from the vocabulary of Spanish Communism. This seen as an abnegation of the party's historic role. Taken together these two factors have generated a certain amount of soul-searching. But Sr Carrillo is probably right when he says that most of the who contest the rejection of Leninism had not read the volumes written by Lenin.

Courting Italy's unhappy youth

BY PAUL BETTS IN FLORENCE, APRIL 18

THE ITALIAN Communist Party (PCI) is seeking to reestablish itself as the main political force representing the disgruntled students and young people who account for more than 70 per cent of the country's 1.5m. unemployed.

The party's youth federation, once led by the PCI's present secretary-general, Sig. Enrico Berlinguer, has seen its membership drop over the past two years from 143,000 signed up members in 1976 to 127,000 members last year. It will attempt, at its national congress scheduled to open here this week, to revive its image as a focal point for the country's youth.

Despite the growing influence and power of the Communist Party now representing a third of the Italian electorate, Italian youth has tended to drop out of the established political system, disillusioned by the ineffectiveness of student reforms and the reality of growing unemployment.

Young people, who in Italy gain a strong political awareness in their early teens, have drifted into a political vacuum of their own. Known here as the autonomous movements. It is in this vacuum after the student protests of the late 1960s, that the extreme Left-wing groups, including the Red Brigades, and the extra-parliamentary forces to the Left of the Communist Party, have grown. Two of the Red Brigades members standing trial in Turin were originally signed up members of the Communist Party youth federation.

The very political process which has brought the Communist Party almost directly into the governing process has, in turn, alienated a sizeable number of the country's young people. For them, the Communist Party



Enrico Berlinguer

has effectively betrayed its revolutionary zeal.

The student riots, and the first congress of the autonomous movements in Bologna last autumn were indications of a growing, if somewhat disorganised, alternative force to the Left of the Communists. They have openly criticised the Communists as a "revisionist" party tied to the "middle class values of all mass parties." Their language, relentlessly attacking the ruling Christian Democrats, but also the Communists, is not very different from the extremist propaganda of the Red Brigades. While they condemn the methods of the Red Brigades, they are united in their basic demand for a different state.

The Communist Party and the trade union leadership have demanded this attitude as "fascist," a word which in Italy now embraces a multitude of meanings, concepts and guilt complexes. Yet in their condemnation, the Communists and the Christian Democrats, are admitting that "errors" of such a magnitude have been made that it has indirectly led to the present threat of a break-down of

law and order in Italy. For the Communists, the ground to win back is enormous. During its Youth Congress scheduled in Florence this week, which will be addressed by Sig. Berlinguer, the young Communists will seek to establish a visibly greater autonomy from the Party itself.

It also intends to launch an active campaign in universities and schools looking for support from that great new mass of student moderates, who have been demonstrating in the streets against the extremists, but who no longer identify themselves with any of the conventional political forces.

Yet there is a third and equally active force among the students posing a serious threat to the Communists. This is the revival of Christian Democratic Catholic youth movements like the Comunion e Liberazione (Communion and Liberation), which like the Communist Youth Federation, have recently campaigned in many universities and schools throughout the country.

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مكثان الميثانول

EUROPEAN NEWS

French MPs likely to vote for new IMF quotas

BY ROBERT MAUTHNER

PARIS, April 18.

THE FRENCH National Assembly is to-night expected to ratify the increase in French International Monetary Fund (IMF) quotas provided for in the Jamaica agreements of January 1976, in spite of strong Gaullist opposition to the revision of the IMF statutes.

Only a few days ago, it was feared that the Gaullists would scuttle the whole project because of their objection to the amendments of the IMF statutes authorising floating exchange rates and reducing the role of gold in the international monetary system.

The Government, however, has circumvented this obstacle, which could have provoked the first major political crisis since last month's general election, by the clever device of separating the problem of the revision of the statutes from that of quota increases.

Under this procedure the amendments to the statutes will not be ratified by France. In practice, this should make no difference since they came into effect automatically on April 1 after three-fifths of the IMF members representing four-fifths of the votes on the governing board had completed the ratification procedure.

It is hoped in Paris that, since the French Government has approved the amendments, the IMF will turn a blind eye to their non-ratification by the French Parliament. But the whole affair could still rebound when it comes to choosing the

successor to the present IMF Managing Director, Dr. Johannes Witteveen.

Though M. Jacques de Larosière, head of the French treasury, is the hottest tip for the job, some IMF members could have second thoughts after the failure of the National Assembly to ratify the organisation's new statutes.

Thanks to the Government's decision to separate quotas from the wider issue of the amendments, the Gaullists are confidently expected to approve the increase in France's contribution to the fund. Though the French share of the total quotas drops marginally from 5.14 to 4.92 per cent, as a result of the bigger weight given to the OPEC countries, the IMF facilities at France's disposal will be increased.

France and other IMF members had only until May 1 to ratify the quota increases. If the French had failed to do so they risked losing their statutory seat on the governing board after the next quota increase which is already under discussion.

In spite of all the emphasis placed by M. Jacques Chirac on his party's independence from the Government, the Gaullists are not expected to give the government any trouble either in the National Assembly or in the Senate. The Cabinet is not due to take a decision until tomorrow on whether to make M. Barre's declaration a question

of confidence. But the Gaullists have already indicated that, if it does, they will vote with the Government.

Most of M. Barre's statement is expected to be devoted to economic problems and it is already clear that he will stress the need for a continuation of his stabilisation policies for another 18 months. It is not until inflation is fully under control and the trade deficit has been wiped out that the Government envisages a switch to more expansionary policies.

Nevertheless, it is understood that M. Barre will announce some important decisions affecting both industry and wage-earners. Industrial prices, presently controlled by agreements between the government and industry, are expected to be progressively freed from July onwards and the minimum industrial wage could well be raised substantially.

In the longer run, however, the Government's intention is, apparently, to replace the minimum wage altogether by the concept of a minimum family income, which would include different levels for each trade or profession, instead of globally.

To help finance the growing budget deficit which, at the end of March, stood at Frs.30bn. (about £3.5bn.), compared with last year's Frs.10bn. at the same time, the Government is expected to float a number of small loans totalling some Frs.8bn. instead of having recourse to a single large bond issue, as in the past.

Bundesbank counters alarm on economy

By Adrian Dicks

BONN, April 18.

A RETURN to more normal sales levels in the motor industry, together with the ending of a short-lived improvement in shipbuilding, are identified by the Bundesbank as the principal reasons for the sharp drop in net orders for capital goods received by West German companies from domestic customers in February.

In its latest monthly report, the West German Central Bank seems reluctant to draw the somewhat alarmed conclusions from the February orders and production figures that were evident in Bonn last week. Those conclusions led Chancellor Helmut Schmidt to reiterate his warning that this year's hoped-for growth in GNP of 3.5 per cent might be hard to achieve.

The Bundesbank stresses that the February figures are provisional. It also points out that the two months November-December with which January-February are compared were influenced by special factors. One of these was an unusually high level of orders for motor vehicles, while a second was a slight, and not sustained, recovery in shipbuilding orders.

In the category of consumer durables and semi-durables goods, the Bundesbank points out that domestic orders were almost at the same level as in November-December, while for currently consumed products there was a clear increase.

The Bundesbank's unaccustomed care in pointing out that domestic orders were almost at the same level as in November-December, while for currently consumed products there was a clear increase.

Herr Schmidt, in his remarks to the Bundestag last week, took care to warn that first quarter data on the economy, the basis of which Bonn has said it will review the case for additional policy measures, were also likely to be affected by the printers' and metal industry disputes.

Riot after bomb blast in Turkey

By Metin Munir

ANKARA, April 18.

RIOTING BROKE OUT IN Turkey's south-eastern town of Malatya after the town's mayor, a local clan chief and former Right-wing Member of Parliament, was killed in a package bomb explosion last night.

The 58-year-old Mr. Hamit Fendoglu's daughter-in-law and his two young grandsons were also killed and Mrs. Fendoglu was gravely wounded.

In the rioting, which broke out soon after the news of the murders was heard, more than 60 people were wounded and 1,000 detained. Peace was restored only at noon to-day when troop reinforcements arrived and air force jets flew low over the city.

U.S. is optimistic on new SALT agreement

BY REGINALD DALE, EUROPEAN EDITOR

FREDERIKSHAVN, April 18.

MR. HAROLD BROWN, the U.S. Defence Secretary, today expressed cautious optimism that a new strategic arms limitation agreement (SALT 2) could be agreed with the Soviet Union by this summer.

But he told the spring meeting of NATO's Nuclear Planning Group here there were still problems over how the agreement would be verified and how long some of its provisions would last.

The defence ministers of the seven NATO countries attending

the talks at Denmark's main naval base accepted U.S. Secretary of State Jimmy Carter's decision to defer production of the enhanced radiation warhead—the so-called neutron bomb.

It was increasingly clear after today's discussions that Washington is not expecting any specific concession in return from the Soviet Union.

Experts attending the talks would say only that some general improvement was expected in the climate for East-West disarmament negotiations.

With the neutron bomb option closed for the foreseeable future, NATO is to concentrate on modernising its existing tactical nuclear weapons. In the absence of any gesture from Moscow, the alliance's Washington summit at the end of next month is expected to give further momentum to the West's drive to improve nuclear and conventional forces in Europe.

After listening to Mr. Brown's assessment of the strategic balance, officials were confident

East-West equilibrium could be maintained throughout the 1980s—with or without a new SALT agreement. They still thought Moscow was interested in an agreement that would allow the balance to be maintained at a lower, verified level.

After hearing a progress report at the Cruise missile, European ministers appeared reasonably confident the U.S. would continue to resist Soviet pressure to withhold the missile technology from other NATO countries.

A major push to resolve the issues

BY DAVID SATTER IN MOSCOW, APRIL 18

WHEN MR. CYRUS VANCE, the U.S. Secretary of State, arrives in Moscow tomorrow he will enter perhaps the most important round of Strategic Arms Limitation Talks (SALT) since the Carter Administration took office. With a growing feeling that the talks are at a crucial stage, a soberer and more pragmatic mood prevails than at the time of Mr. Vance's last visit to Moscow 15 months ago.

There is expected to be no call for radical disarmament measures and little mention of human rights. Instead, against a background of intensified negotiations in Geneva in recent weeks and significant progress in narrowing Soviet-U.S. differences during the visit of Mr. Andrei Gromyko, the Soviet Foreign Minister, to Washington in September, there is likely to be a major push to resolve those contentious issues which U.S. officials have described as the last 10 per cent required to arrive at an agreement.

Both sides are aware that the passage of time increases the chances that a SALT 2 agreement will ultimately elude them. Dr. George Arbatov, head of the Moscow Institute for U.S. and Canadian Studies, recently accused the Carter Administration of a "policy of hesitation." The time had come to decide whether there would ever be an agreement, the U.S. side, for its part, would like to conclude an agreement before the Congressional elections in November.

The issues which remain to be resolved, however, are among the most difficult and the Soviet Union, in advance of Mr. Vance's visit, is taking a hard line. Desperate substantial American concessions in the negotiations, Mr. Leonid Brezhnev, the Soviet leader, said in a speech aboard a Soviet naval cruiser on April 7 that it did not appear the United States was willing to meet the Soviet Union halfway.

The American view is that agreement is possible but not certain and will require further difficult political decisions by both sides. The SALT negotiations have been stalled because the two sides are trying to reach a new understanding after failing to resolve a basic difference of opinion on the need for a rapid progress in concluding a second SALT agreement on the basis of the Vladivostok accords.

Therefore when Mr. Vance came to Moscow in March, 1977 bringing proposals which differed

The Soviet Union has argued that a new Strategic Arms Limitation (SALT) agreement was virtually complete when President Ford left office in 1976 and that Vladivostok plus discussions in 1976-77 had led to Soviet limitations on the U.S. Cruise missile, which had only been taken up the question of what form these limitations would take.

The Cruise missile is important to the negotiations because of its great strategic potential against existing circumstances. Unlike the U.S. the Soviet Union continues to invest heavily in air defence, continually upgrading its surface to air missiles, fighter interceptors and radar.

The Cruise is a small, sub-sonic low-flying drone which due to a terrain-matching navigation system, is also extremely accurate. It confounds all three

significantly from those taken up in previous discussions, difficulties arose.

Mr. Vance made two proposals, both of which were rejected by Moscow as departures from the Vladivostok accords, and are now generally conceded to have been badly presented and unrealistic. The first and preferred proposal was for "deep cuts" in the strategic weapons arsenals of both sides, bringing the Vladivostok ceilings down from 2,400 to 1,800 but leaving the U.S. free to deploy the Cruise up to a certain range and including measures to limit use of the Soviet Backfire bomber, which the U.S. has argued is potentially a strategic weapon.

There was a proposal simply to ratify the Vladivostok agreement but exempt the Cruise missile and Backfire bomber from its terms. The Soviet Union said that

The state of negotiations now, on the eve of Mr. Vance's arrival in Moscow, suggests that the eventual agreement, if it is concluded and ratified by the U.S. Senate, will be more to the advantage of the United States than were the Vladivostok accords.

The September meeting, which brought the first Soviet hints of progress in the negotiations for a number of years, was agreement to lower the ceiling of strategic weapons stockpiles to between 2,350 and 2,150 weapons, apparently through phased reductions over the life of the treaty.

As matters stand, the two sides have agreed on a joint draft text and what awaits is the ratification of the agreement. These, however, are considered very tough. The remaining questions are, in essence, the Soviet desire to assure that limits on Cruise are not circumvented by giving the missile to the NATO allies, and modernisation (basically, the U.S. desire to prevent the Soviet Union from improving the accuracy of their heavy missiles). Other important issues which must still be clarified are questions concerning the Soviet Backfire Bomber, Cruise missile range limits, the development of new ICBM systems and verification.

The Soviet success in putting limits on the Cruise missile, makes a new SALT treaty difficult for the U.S. Congress to ratify but the proposed reductions in overall strategic weapons ceilings work to their disadvantage since Moscow has a 2,400 to 2,200 numerical advantage in strategic weapons.

Also unresolved is the question of the Backfire bomber which now will probably not be covered by the treaty at all but rather handled independently, apparently through the imposition of limits on numbers, refuelling or basing.

There is some concern that Moscow, having secured a great deal by taking a tough negotiating position, may not realise that further concessions by them are necessary if the talks are to succeed. The Russians, however, have accused the Carter Administration of vacillation and indecision, an impression which may have been strengthened by the way President Carter's decision to postpone production of the neutron bomb was handled. They may seek to press him.

The issues which remain to be resolved are among the most difficult and the Soviet Union is taking a hard line.

elements of Soviet air defence which was designed as protection against bombers.

The Vladivostok agreement provides for an overall ceiling of 2,400 offensive missiles and bombers and according to the Soviet Union, it was agreed that heavy bombers equipped with Cruise missiles would be equated to rockets with multiple warheads and included under the sub-ceiling of 1,320 missiles with multiple warheads (MIRVs) agreed at Vladivostok.

Because of the large existing stockpile of MIRVed American missiles, this quote would have left little room to deploy the Cruise. Moscow has said that all sea and land-based Cruise missiles with a range of more than 600 km. would be banned.

During the transition to a new Administration in Washington, the Russians were clearly concerned about the fate of the Vladivostok agreement as they understood it and tempered their welcome for President Carter with repeated calls for rapid progress in concluding a second SALT agreement on the basis of the Vladivostok accords.

Therefore when Mr. Vance came to Moscow in March, 1977 bringing proposals which differed

Turkish plan for Cyprus 'must offer basis for talks'

BY OUR OWN CORRESPONDENT

ATHENS, April 18.

MR. CONSTANTINE KARAMANLIS, the Greek Prime Minister, said today it was not enough for the new Turkish-Cypriot proposals on Cyprus to be concrete but they should also provide a basis for the resumption of the inter-communal talks for a solution to the problem.

In a written statement, Mr. Karamanlis said that was the conclusion reached by the Greek Government when Dr. Kurt Waldheim, the UN Secretary-General, visited Athens last January.

Mr. Karamanlis said the Greek Government has not been officially informed of the contents

of the new Turkish proposals submitted to Dr. Waldheim in Vienna last week.

Our Nicosia correspondent adds: Dr. Waldheim is due here tomorrow to make another effort to revive the stalled peace talks between the Greek and Turkish communities. Observers believe he will have a difficult job to persuade the Greek Cypriots to return to the negotiating table on the basis of the latest Turkish proposals.

Sources close to the Government of President Spyros Kyprianou stated today that the Turkish plan "aims at achieving the island's partition under the guise of federation."

Higher income forecast from Dutch gas

By Charles Sanderel

AMSTERDAM, April 18.

HOLLAND CAN expect substantially higher income from its gas reserves than has been forecast up to now, according to a report published today. The shift towards the private consumer, who pays higher tariffs, and away from industrial and export use, will increase some income by about 10 per cent, or Frs.13bn. (£3.25bn.) to the turn of the century.

Gas used in the home and for high value industrial purposes is expected to account for 80 per cent of sales by the year 2000 compared with only 20 per cent now. The report was prepared by a team at Groningen University.

The shift to high tariff uses for gas will lead to a rise in the average sales price of 60 per cent, excluding the effects of inflation and any increases due to shortage, by the end of this century.

Since the oil crisis, Dutch energy policy has aimed at substituting other fuels for gas in large-scale industrial applications while export contracts are being allowed to expire.

Holland could earn an extra Frs.5bn. a year at 1978 prices if the average export-price of gas of 7.9 cents a cubic metre was raised to the average domestic price of 12.3 cents.

Threat to Belgian exports

BY DAVID BUCHAN

BRUSSELS, April 18.

UNION DEMANDS for shorter hours are endangering the competitiveness of Belgian exports, according to Mr. Jacques de Staercke, head of Fabrimetal, the metalworking and engineering association whose component companies account for 30 per cent of exports.

Mr. de Staercke told the association's annual meeting today that even where companies

had granted a reduction from the statutory 40-hour week, they had not hired any new workers. Reduction of Belgium's pool of nearly 300,000 jobs has been the main justification cited by the unions, which have recently launched strikes in the car assembling and non-ferrous metal refining industries.

Employers have argued that shorter hours for the same pay put up unit labour costs.

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AMERICAN NEWS

Changes to tax plan made by Congress committee

BY DAVID BELL

WASHINGTON, April 18.

THE WAYS and Means Committee of the House of Representatives yesterday began making changes to the Administration's tax reform plan and drew an immediate critical response from President Carter.

Mr. Carter has all along insisted that the \$25bn. of tax cuts that he is proposing must be accompanied by some relatively modest tax reform. But yesterday the Committee killed two of three proposals for reform which had been expected to pass, raising doubts about the fate of more controversial measures still to be considered.

In its first day, the Committee passed Mr. Carter's plan to repeal the deduction for state and local taxes on petrol, but rejected proposals to end deductions for state or local taxes on real estate and personal property. This

prompted one tax reform proponent to say that "if we can't win that one, I am not sure what we can win."

The President responded swiftly to the vote saying the vast majority of the U.S. people wanted the reforms he was proposing and that Washington "pays more attention to selfish special privilege than to the voices of those who are concerned, those who are cheated."

Mr. Carter said that if "we don't succeed in all our efforts this year we shall come back next year and the next and the next. Yesterday's committee session was the first of many days of wrangling about the tax proposals. Most observers believe most of the President's tax reform proposals, which are intended to raise some \$8.4bn. next year, will be defeated.

If they do, there will undoubtedly be pressure from Democrats on the Capitol Hill to reduce the amount of the tax cut lest it exacerbate the deficit.

Paradoxically the Republicans favour the full tax cut, but they oppose most of the reforms because they believe they are intended to redistribute income and that they impose an added burden on the "middle class."

Congressman Barber Conable, the senior Republican on the Committee, said he wanted to know how much taxes would be cut before deciding on tax reforms and that in any case it was important to avoid "sticking to the middle classes."

But the Democrats want first to establish how much can be raised through tax reform and how much taxes should be reduced.

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Air traffic increased by fare discounts

The increasing commitment of U.S. airline industry to discount fares appears to have been a major factor in increasing domestic and international traffic in the first three months of this year by 13.9 per cent, John Wyles reports from New York. This is one of the biggest increases in first-quarter traffic for many years. Although the overall figure has been helped by the fact that Easter fell in March this year, the industry believes that discount fares are helping to switch travellers from road and rail.

Industry analysts are divided about the likely impact of price cutting on airline profits. Some are advising their customers to sell all but a few quality airline stocks on the grounds that cheap fares will prevent the industry from matching last year's aggregate net profits of \$600m. Others believe that as long as airlines manage discounts so that they do not seriously erode full-fare traffic, profitability will increase.

The decline of the dollar on international exchanges over the past four months has forced most of the major importers to raise prices. The leading importer Toyota announced its 5th increase in 12 months last week. To-day, Nissan U.S. also raised the prices of its Datsun cars and trucks by 5.4 per cent.

Both Ford and General Motors priced their small cars extremely competitively last September in an attempt to beat off the import challenge and also offered a range of extras in the basic price.

The companies acknowledged that profit margins on their cars were extremely tight and have been glad to widen the margins through price increases as the importers responded to currency

Frank exchange at Carter talks

BY OUR OWN CORRESPONDENT

WASHINGTON, April 18.

PRESIDENT CARTER and members of his Cabinet exchanged views about the state of the Administration "very frankly indeed," according to some of those present at the two-day meeting which ended yesterday in the President's Maryland retreat.

The session was called to give the President, his staff and the Cabinet a chance to "take stock" in the light of the heavy criticism the Administration has recently been receiving.

Mr. Jody Powell, the President's Press Secretary, said that during the meeting, Mr. Carter accepted that, on occasion, he

had not exercised his power and authority effectively and conceded that this had led some people to perceive him as a weak President who failed to act decisively in support of his own policies.

But, according to other reports, the President also "got tough" with some members of his Cabinet citing specific instances in which they had not supported Administration positions on legislation. He also noted that, on several occasions, the White House staff had acted without giving members of the Cabinet enough advance warning of what they were doing.

Mr. Powell said the President had made a "very tough" assessment of the situation and "he made it damn clear that we have had 15 months now and that the shakedown cruise is over." One participant at the talks was later quoted as saying it was "the first time that Carter has ever gotten tough with his people."

Following the cleared air somewhat after some months of gathering unease at the top of the Administration, it is expected the White House staff will be partly re-organised and that additional more experienced staff will be brought in.

Price rise for Ford cars

By John Wyles

NEW YORK, April 18. FORD Motor Company, taking advantage of the leeway offered by a new wave of price increases for imported cars, has raised showroom prices on its small cars for the second time in three months.

The decline of the dollar on international exchanges over the past four months has forced most of the major importers to raise prices. The leading importer Toyota announced its 5th increase in 12 months last week. To-day, Nissan U.S. also raised the prices of its Datsun cars and trucks by 5.4 per cent.

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U.S. COMPANY NEWS

Interest income improves Chase first quarter; Merrill Lynch Lower; Tyre trends hit Unilever Page 28

Wall Street fever abates as Dow Jones falls

BY OUR OWN CORRESPONDENT

NEW YORK, April 17

THE FEVER which has gripped the New York stock market over the last two sessions turned into something of a chill today when the Dow Jones industrial average fell back by 8.55 under the impact of profit-taking.

The average seceded during the day, showing a gain at one time of nearly six points and a loss at another of 10.55. At 38.58m, share volume was well down on yesterday's all-time record of 63.5m, but it was some 15m. shares above recent daily averages. Some 1,101 stocks fell in price and 443 gained.

The wave of profit-taking was not unexpected given the extraordinary 34.91 surge in the Industrials over the previous two sessions. Some brokers felt that today's decline was modest in view of the overall share volume and selling pressure and they believe that the market is still set on a rising course.

Analysts are by no means agreed on this, however, and some comparisons are being drawn with early 1975 and 1976 when similar, but smaller, rallies

eventually faltered. However, the buying panic, which was gripped the New York Stock Exchange represented a broadly based demand for stocks from private investors, foreign purchasers and banks, and market optimists think that the continuation of these elements will provide further, although more modest, gains over the next few weeks.

The Tokyo Stock Exchange plans to send a mission to the U.S. and Europe late this month to study the way in which central depository systems for stock transfers are being implemented. The mission, led by Professor Makoto Yawata, of Tokyo University, is expected to report on the studies by late June, to help the Tokyo Exchange introduce such a system.

Tax avoidance enters art world

BY STEWART FLEMING

NEW YORK, April 18.

THE CONTROVERSY about tax avoidance shelters, which has been reinforced by the Carter Administration's proposed tax reforms, has spread to the art world. In the January issue of Art Letter, a New York-based newsletter for art professionals, Ms. Lee Rosenbaum reports that lawyers and accountants are seeing an upsurge of inquiries regarding tax-shelter deals involving prints.

The 1976 tax reform law dealt a severe blow to many types of art tax shelter, which allowed people in high tax brackets to obtain deductions and credits equal to

several times the amount of money which they actually invested in a business. The law discouraged tax shelters in fields such as motion pictures, farming, equipment leasing, and oil and gas exploration. But print publishing remains an unrestricted area.

While advocates of print-based tax shelters, according to Art Letter, argue that tax shelters bring new money and marketing skills into the art world, critics argue that the techniques may prove damaging to the reputations of artists and the art-based deductions and credits equal to

Curfew lifted in Kingston

By Canute James

KINGSTON, April 18. JAMAICAN security forces this morning lifted the dusk-to-dawn curfew in the western sections of Kingston, following a civil disturbance yesterday.

The security forces reported that, during a spate of looting yesterday, three men were shot dead, and not four as was earlier reported. Last night, 39 people were detained and are being questioned.

The disturbance yesterday grew out of a demonstration by residents of the western section to draw the attention of the authorities to the poor conditions of roads and sewer mains in the area.

In the downtown section of Kingston, stores which put up shutters down as looting spread were re-opened to-day, as were offices and banks.

Personal income up 1.2%

BY OUR OWN CORRESPONDENT WASHINGTON, April 18.

TWO MORE sets of economic statistics—new housing starts and personal income—are showing healthy gains and the White House said that they probably presaged strong increases in other economic indicators in the months ahead.

However, it is not expected that preliminary figures tomorrow, for the first-quarter increase in the gross national product will be as encouraging. Observers expect them to have been affected by the cold winter and the coal strike.

The Commerce Department said personal income last month rose at an annual rate of 1.2 per cent, or \$10.4bn, compared with 0.5 per cent in February. This was the largest increase since December. The Department said that incomes of every section of the population, except for farmers, increased. It said the "sharp step up reflected a recovery from the effects of the severe winter weather."

Meanwhile, housing starts advanced 31.1 per cent last month over the previous month to record an annual rate of new construction of about 2.074m, or about the same as the figure for March, 1977. Figures for new housing permits were 14 per cent up on those of the month before, and slightly above the March, 1977, level.

Although the 1978 rebound in housing starts following the winter is not quite as strong as that of 1977, it is rather stronger than some analysts had been expecting.

The presidential press secretary said the figures were evidence that the economy is continuing to expand, but that they did not mean that the Administration's tax cut plan should be abandoned. These figures are not "an indication that the economy is expanding more rapidly than we expected," he said.

Argentine oil

The Argentine Government has approved a "risk contract" law which will allow private companies to drill for oil in Argentina using their own machinery, expertise and capital—and give them greater freedom in marketing what they extract, once the country becomes self-sufficient in oil. Robert Lindley writes from Buenos Aires. The Energy Secretary, Sr. Daniel Brunella, also announced public tenders for 15 land and four off-shore areas which will be developed by private oil companies for periods of up to 25 years. Once the contracts run out, the companies must turn over their installations free of charge to the State oil combine which will pay cash for the oil it buys from the private companies.

Ecuadorian minister

The Ecuadorian Budget Under-Secretary, Sr. Juan Reyna Santa Cruz has been named as interim Economy Minister. Reuter reports from Quito. Sr. Santiago Sevilla resigned the post 11 days ago because of disputes over a labour survey contract signed by the Ministry

What makes two into one?



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POLITICS IN TRINIDAD

Clearing the House

BY DAVID RENWICK, IN PORT OF SPAIN

A Bill now before the Trinidad and Tobago House of Representatives threatens no fewer than six of the 36 members with losing their seats. The proposal is to force members to vacate their position in the House if they leave or are expelled by their party.

A seventh MP could find himself removed from Parliament if his current appeal against conviction on a charge of wounding is dismissed by the Court of Appeal. The country's voters thus face the peculiar position of being threatened with the loss of just under one-third of the Parliament elected in September, 1976.

Trinidadians have become accustomed to the unusual in their politics. In the 1971-76 Parliament, for instance, one party, the People's National Movement, won all 36 seats. But the present situation could hardly have been foreseen by even the most prescient of analysts a mere few weeks ago. It has come about rapidly with the defection from the ranks of Dr. Eric Williams's Cabinet and his constituency of Arouca during the PNM party of the former Minister of Works, Transport and Communications, Mr. Hector Mc Clean. Ministers have not been hurried before Parliament made a habit of resigning from the Cabinets headed by Dr. Williams in the 22 years he has been running successive PNM Governments.

Only two have previously done so: Mr. Arthur Napoleon Raymond Robinson, Finance Minister, quit Government and party in 1970 at the height of the "black power" civil disturbance of that year and formed his own rival organisation, the Democratic Action Congress (DAC); and Mr. Karl Hudson-Phillips, a debonair Cambridge-trained lawyer who was Dr. Williams's Attorney General between 1971 and 1973.

Mr. Hudson-Phillips stayed on as a PNM member when he quit, but Mr. Mc Clean, 38, a lawyer, has followed Mr. Robinson's example and washed his hands of Cabinet post and party allegiance on the grounds that the Prime Minister appeared to have lost confidence in him and was whitewashing away the responsibilities he had.

Dr. Williams has made no bones about his feeling that members who cross the floor should be deprived of their seats; he forced a reluctant party prior to the last election to insist that those selected to run on a PNM ticket should sign on letters of resignation to be held by himself for submission to the Speaker of the House if any decided to cease supporting the party.

The PNM emerged from the 1976 election with a lead of 12 seats over the combined opposition, which meant that the 1-ss of six members could deny it its absolute majority in the House. Mr. Mc Clean's going has reduced its lead to 11 and revived the fear of gradual attrition of the PNM's hold on power should his example be followed by any of the other Ministers or, more likely, seven backbenchers whom the Prime Minister has described sarcastically as "millstones."

He faces the peculiar position of being threatened with the loss of a different calibre to represent the PNM at the election, but was meant they elected in September, 1976.

The undated letter of resignation might now be brought out to dispose of Mr. Mc Clean. But strong doubts have been cast on the document's validity by the Speaker, Mr. Arnold Thomas, who said publicly that he hardly had been foreseen by even the most prescient of analysts a mere few weeks ago. It has come about rapidly with the defection from the ranks of Dr. Williams's Cabinet and his constituency of Arouca during the PNM party of the former Minister of Works, Transport and Communications, Mr. Hector Mc Clean. Ministers have not been hurried before Parliament made a habit of resigning from the Cabinets headed by Dr. Williams in the 22 years he has been running successive PNM Governments.

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U.S. banker attacks 'unfair' competition

By Stewart Fleming

NEW YORK, April 18. MR. WALTER WRISTON, chairman of Citicorp, the second largest U.S. commercial bank—to-day attacked U.S. regulations which allow non-bank companies and foreign banks competitive advantages not available to U.S. banks.

Mr. Wriston pointed out that 100 foreign banks in the U.S. have 400 offices unhampered by state boundaries which usually confine U.S. branch banking to a single state. He said that foreign banks could also land cheap money because they were not bound by reserve requirements.

He said retail chains, finance companies and other financial institutions had, with foreign banks, moved into areas where U.S. banks had long been considered to have exclusive franchises.

There was nothing wrong with that, Mr. Wriston said. The public was entitled to the best service at the lowest cost that the market place could provide, and the competitors were doing their best to provide it. But he added: "Our complaint as managers and owners of a bank stems from the fact that we are not being allowed to participate as equals in a fair contest."

Mercury stops Brazil fishing

By Diana Smith

RIO DE JANEIRO, April 18. THE BRAZILIAN authorities have appealed urgently to the World Health Organisation for advice, after finding traces of mercury in water samples taken off the coast of the southern state of Rio Grande do Sul.

All fishing and trading in fish in the area has been banned while the authorities investigate the nature and causes of a highly-toxic substance which has fouled the waters of Hermenegildo Beach near the Uruguayan frontier, for three weeks.

The fishing industry in the state employs 20,000 people and lands 150,000 tonnes of fish per year. Substances found in air and water tests and post-mortems on dead animals and fish, are pointing the authorities to the wreck of the Brazilian cargo vessel Litor Taquari which went down in 1971.

The ship was carrying 34 tonnes of mercuric compounds, 173 tonnes of caustic soda, seven tonnes of propylene and seven tonnes of ethylbenzene. Dow Chemicals, owners of part of the cargo, warned the coastal authorities of the danger at the time of the shipwreck.

The same applies to one of the two representatives in the House of another minority opposition group, the Democratic Action Congress (DAC).

It is quite possible that the MPs affected by the change in the law will challenge the amendment in the courts as the Republican Constitution entitles them to do. In that case, the voters have clearly not heard the last of the events set in train by Mr. Mc Clean's defection.

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OVERSEAS NEWS

S. Africa plans army base near Mozambique border

By QUENTIN PEEL

JOHANNESBURG, April 18.

THE South African defence force is to build a major new army base close to the Mozambique and Rhodesian borders, confirming the continuing military build-up in the area. The move follows a decision last year to site a new air base in the area, of which the first phase will be finished this year.

The test announcement was made by Mr. P. W. Botha, the Minister of Defence, introducing the vote on his defence budget in Parliament.

He also revealed U.S. aircraft had flown military supplies to South Africa's bases in Angola during the civil war there.

On the base, he announced that a large "combat school" to provide facilities for brigade manoeuvres will soon be sited at Sishen in the Northern Cape. The school will provide training in conventional warfare.

Mr. Botha said the new army base would be at Phalaborwa, in north-eastern Transvaal, 100 kilometres from the Mozambique border and 150 kilometres from Rhodesia. The base should be ready next year.

The new airbase is at Hoedspruit, 100 kilometres further south along the edge of the Kruger game reserve. Mr. Botha

said the first phase would be completed during 1978. It was confirmed at the week-end by Brigadier C. F. Zietsman, the head of the security police, that guerrillas belonging to the banned African National Congress had been involved in fighting with "counter-insurgency forces," and at least two policemen had been wounded in a recent incident. Brigadier Zietsman said "numerous arrests" had been made and quantities of arms, ammunition, hand-grenades and explosives had been seized.

Agreement on mortgages for urban blacks has been reached between the South African Government and the building societies, Quentin Peel reported from Johannesburg. Dr. Connie Mulder, Minister of Rural Relations, said in Soweto yesterday that blacks would be allowed 99-year leases but no freehold rights.

Wide powers of detention introduced in Namibia

By OUR OWN CORRESPONDENT JOHANNESBURG, April 18.

SWEEEPING emergency powers of detention were introduced in Namibia (South West Africa) by Judge Martinus Steyn, the South African Administrator General, in a move which could prove fatal for hopes of a peaceful settlement in the territory.

The legislation, to prevent political violence and intimidation, follows the assassination of Chief Clemens Kapuuo, leader of the Herero tribe, three weeks ago and inter-tribal unrest which has left more than 20 people dead.

The emergency legislation provides Judge Steyn with powers of indefinite detention of any person whose "actions promote violence or intimidation".

The move is seen as aimed primarily at the South West

Africa People's Organisation (SWAPO), which has been consistently blamed by Judge Steyn and the police for violence and intimidation in the territory.

The move comes at a time when the five Western members of the UN Security Council are making final efforts to achieve agreement on proposals for a peaceful settlement in the territory. Observers believe Mr. P. W. Botha, the South African Foreign Minister, was close to announcing his acceptance of the plan.

The first power from the Ruacana hydro-electric scheme on the border of Angola and Namibia was generated in "wet testing" at the weekend, Mr. J. P. Brand, general manager of the South West African Water and Electricity Supply Commission, said today.

Somalia signs pact with China

By Our Own Correspondent

PEKING, April 18.

THE Somali President, Mohamed Siad Barre, left Peking today after a cordial five-day visit during which his country signed an economic and technical co-operation agreement with China.

He was treated to a high-powered Chinese farewell with bands, bunting and bouquets—and a line-up of officials from the best pages of China's Who's Who.

President Barre's treatment throughout the visit has been more than cordial. On Sunday he met chairman Hua Guo-feng, who assured the Somali leader of strengthening mutual understanding and friendship.

At other meetings with Chinese leaders the dispute between Somalia and Ethiopia was aired vigorously. At an official welcome banquet, President Barre attacked the Soviet Union's "wanton interference" in the Horn of Africa.

Chinese Vice-Chairman Li Hsien-nien said much the same thing, although in characteristically muted language. His meaning was clear, however, and diplomats from the Soviet Union, together with several Eastern European countries, walked out of the banquet as he spoke.

President Barre's visit was, as is always the case in China, very carefully arranged. And the message, written for all the world to see, was that China and Somalia were special friends and intend to stay that way.

Sinhua Morning Herald

Israel gives UN assurances on withdrawal

By DAVID LENNON

TEL AVIV, April 18.

ISRAELI leaders today assured Dr. Kurt Waldheim, the UN Secretary-General, that it will withdraw its troops from southern Lebanon, but left the timing of the pull-out to be discussed between the commanders of the UN and Israeli forces.

Dr. Waldheim pressed his demand for a speedier Israeli withdrawal during his meetings today with the Prime Minister, Mr. Menachem Begin, and Mr. Moshe Dayan, the Foreign Minister.

The Secretary-General said he had discussed the implementation of the Security Council resolution last month calling for immediate withdrawal of the troops occupying south Lebanon.

After the meetings, he said he hoped there will be further withdrawals now that the UN interim force in Lebanon (UNIFIL) had deployed the bulk of its troops in the occupied zone.

Mr. Dayan said he felt that "full agreement and co-ordination between the UN and Israel is really within reach."

Mr. Begin said Israel's main concern was to prevent the creation of a vacuum into which Palestinian forces could enter.

Dr. Waldheim said the Prime Minister and Foreign Minister had given him the necessary assurances that Israel would sever diplomatic relations with Jerusalem, Dr. Waldheim said the issue was not raised by Mr.

Begin during their meeting this morning.

Mr. General Raphael Eitan, the new Israeli chief of staff, and Lt-General Ensis Silasvuo, the chief coordinator of the UN peace-keeping missions in the Middle East, were due to meet this afternoon to discuss further Israeli withdrawals.

A message from Egyptian President Anwar Sadat was presented to Mr. Begin today by a group of evangelical leaders from America. In his message, President Sadat said there has to be a solution to the Palestinian problem before there can be a lasting peace. The Egyptian leader also expressed concern over Israeli settlements in Sinai.

Japan's rail services hit by strikes

TOKYO, April 18.

SEVERAL Japanese rail services were virtually paralysed today when left-wing railway unionists launched a 48-hour strike after rejecting an offer to increase their average wages by 3.8 per cent.

Some freight handling operations at major ports, including Tokyo, Yokohama and Kobe, where 112 ships are affected, were also halted by a separate two-day walk-out.

Japan National Railways (JNR) said the rail strike affected the northern island of Hokkaido and Sea of Japan coastal areas today, forcing an estimated 450,000 people to stay at home.

Reuters

Sadat in top policy talks

By ROGER MATTHEWS

CAIRO, April 18

PRESIDENT Anwar Sadat of Egypt is to call a meeting of his top-level policy review body, the National Security Council, within the next few days. The President's decision reflects the changing emphasis in Middle East politics brought about by the failure of efforts to achieve any understanding with Israel and the invasion and occupation by that country of southern Lebanon.

The agenda for the meeting, according to the Government newspaper Misr, will be a report by General Mohammed Abdul Ghany el-Gamassy, the War Minister, on his talks with Mr. Ezer Weizman, the Israeli Defence Minister, together with an overall review of the military situation; a discussion on efforts to convene an Arab summit meeting aimed at restoring unity; and an "assessment of U.S.-Israeli relations with reference to the opposition by the American public to the policies of Mr. Menachem Begin, Israel's Prime Minister."

The last item on the agenda is clearly the one on which Mr. Sadat will be arguing most forcibly. He urgently needs firm U.S. action to break the deadlock peace initiative, a topic that was discussed by Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Mohammed Ibrahim Kamel, Egypt's Foreign Minister, when they met briefly at Cairo airport early this morning.

Assad may seek Indian nuclear help

By Ihsan Hijazi

BEIRUT, April 18.

SYRIAN President Hafez Assad's visit to India today has been given special attention by Middle East analysts because of speculation that the Syrian government may seek Indian assistance in the development of nuclear weapons.

The visit was due to have taken place last month but had to be postponed because of the Israeli invasion of southern Lebanon.

President Assad recently went on record as declaring to reporters in Damascus that if it were proven Israel possessed atomic weapons Syria would seek to have them too.

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INDIA'S ECONOMY

Over-cautious about reserves

By CHRIS SHERWELL, RECENTLY IN NEW DELHI

THE Indian Government's over-cautious policy on its large pool of foreign exchange reserves is provoking worries that a good opportunity is being lost for the country temporarily to spend its way to a growth rate higher than its ambitious economic plan already proposes.

The reserves will top \$5bn. this year—equivalent to about ten months' imports—having never risen much above \$1bn. before 1975. While three good monsoons and a turnaround of the trade balance have helped, the boost has come principally from the large increase of a number of Indian contract workers remitting their earnings from the Middle East.

The origin of the wariness is the future of these remittances. A slow-down of the Gulf economies would leave them on a plateau. In the judgment of the labour and industries ministries, business organisations and diplomatic and international agency

Stone-throwing supporters of Mrs. Indira Gandhi and her son, Sanjay, caused disturbances when she appeared yesterday before the Chief Metropolitan Magistrate over two complaints against her by the Shah Commission, writes our New Delhi correspondent. She pleaded not guilty to the charges and opted for a stand trial in the case arising out of her refusal to take an oath and answer questions before the Commission.

analysts in New Delhi that it is likely to happen.

India's Planning Commission, however, is predicting a very sharp plunge. It reckons that "difficulties will total \$2.4bn. over the coming five years, but, so that they will continue at the present rate for some two to three years. As the present annual level is reliably put at \$1.1bn. over \$1bn., a drastic decline would occur around 1981.

Finance Ministry officials seem to back the Commission forecast, making the judgment that some workers will be returning and that many who stay in the Gulf will remit smaller proportions of their incomes than in the past. On the other hand, the Ministry's economic survey says there are "no signs" that the reserves will stop growing in the future.

The conclusion drawn from the latter forecast is that the Planning Commission projection of a "drawing down" of the reserves over the coming five years (by \$2.4bn.) is unlikely to make much dent on the amount actually in the vaults, and that if more realistic projections of remittances are made India will be left with more reserves than it can cope with. That can be used in an argument for increasing the reserves now.

The Government policy on the reserves is in fact very conserva-

tive. The Government believes India should hold large reserves because it claims India lacks "secondary-line reserves" (swap lines, access to Eurodollar borrowing) and because of fears about the harvest and variations in world prices of essential imports.

The government accepts that reserves should be used for imports, but it won't allow them used at the expense of domestic industry save in the national interest.

The relaxation apparent in the recent measures liberalising imports is less bold than it first appears. Major increases will be in power plants, fertilisers and other goods where Indian industry cannot meet current levels of demand. The scope obviously exists for a further relaxation though the recent measure is a good sign.

The government stiffly resists the idea that large reserves allow more growth than the historically high rates it is already planning. It speaks of a "rupee resources problem" a lack of resources to invest, and says these must come either from new or higher taxes or from running a budget deficit.

It is this which in the view of many highlights the most important barrier that the government's conservatism has erected against a quick "go for growth" policy. For the government is first of all reluctant to raise taxes on incentive grounds—a view the pro-growth people accept—but secondly escape its economic orthodoxy to make the more potent policy of deficit financing politically acceptable.

Deficit financing is highly contentious within and outside the cabinet and party. A minor storm was caused by the small deficit proposed in the budget presented in February. Since then the Prime Minister himself has had to answer questions in parliament and offer vague indications that no deficit may be run.

The Government is thus unable or unwilling to respond to the urgings from prominent businessmen that it stimulate the economy. It feels investment is a picking up anyway and that a real breakthrough must wait perhaps three years when the planned investment in agriculture, rural industries and infrastructure has raised incomes in areas that have not felt the benefits of India's past growth.

The view of those outside government is that this does not prevent a boost now calculated to have a short-term effect. As they see it, India has more aid than it knows what to do with, more reserves than it can cope with, and more slack in its economy than it needs. Prices are steady, unemployment high, and yet it will not spend. As one diplomat stresses, it is not so much an opportunity missed, as an opportunity half-grasped.

House

MAPCO 1977 EARNING UP AGAIN THAT GROWTH

OIL LEA

WORLD NEWS

N.Z., Australia gloomy over NAFTA outlook

BY KENNETH RANDALL

CANBERRA, April 18.

SENIOR AUSTRALIAN and New Zealand ministers met today for their annual review of the operations of the New Zealand-Australia Free Trade Agreement (NAFTA), but concluded that there was little scope for significant development while the economies of both countries remained in their present troughs.

In fact, the ministers on both sides were under heavy pressure from industry lobbies to seek more protection against imports. Reports from the meeting indicate that they have been able to resist most such pressures, at least for the time being, but that several thorny problems remain to be resolved before this year is out.

Australia was represented by the Minister for Trade and Resources, Mr. Doug Anthony, and the Minister for Industry and Commerce, Mr. Philip Lynch. New Zealand's representatives were the Minister for Overseas Trade, Mr. Brian Talboys, and the Minister for Trade and Industry, Mr. Lance Adams-Schneider.

The official communiqué issued

this evening noted that if the trend for the first six months of 1977-78 continued through to the end of June, total two-way trade between the two countries would exceed \$1.5bn. in a year for the first time.

With an eye to their constituents at home, the ministers pointed out for New Zealand's benefit that New Zealand exports were showing the higher rate of growth. For Australia's benefit, it was pointed out simultaneously that in the first half of this financial year, Australian exports of finished manufactured goods had recorded a very substantial increase compared with the corresponding period of 1976-77.

Looking at Schedule A of NAFTA, which details the goods free of any restriction in trading, the ministers agreed that it would be unrealistic to expect any substantial extension of coverage "in at least the next 12 months" because of current economic and employment conditions.

The Australian ministers expressed serious concern at some of the implications of the revised New Zealand tariff,

scheduled to come into effect from July 1.

They were told that some changes in rates of duty and margins of preference were being made in Australia's favour.

The same officials' group has been asked for a priority report on the prospect for further rationalising the automotive industries of the two countries, both of which are severely depressed.

The ministers agreed that present quota and market access arrangements for their clothing, textiles and footwear exports to each other would be extended to mid-1980 and that the trade in white goods would be reviewed before the end of this year.

Australia and New Zealand decided today to examine whether the motor industries in the two countries should pool their resources and work together. Mr. J. D. Anthony, the Australian Deputy Prime Minister, said rationalisation of the industry would help the countries to be more competitive and would provide a bigger sales market.

Soviet team discusses Austria joint ventures

By Paul Lendvai

VIENNA, April 18.

AUSTRIAN FEDERAL Chancellor, Bruno Kreisky, told the Press today after the weekly Cabinet meeting that the Soviet industrial delegation that visited Austria last week expressed interest in joint projects in the motor industry, particularly heavy lorry manufacturing, possibly cars.

The idea follows the failure of similar negotiations with the West German Porsche company about setting up an Austrian car plant to produce 50,000 cars a year under licence, mainly for export.

Talks are said to be also in progress with Chrysler and Fiat, company about component plants in Austria. Renault has concluded an agreement about setting up a small plant in the province of Styria.

Austria has balance of payments difficulties, largely because of car imports; and fuel imports from the Soviet Union have produced a steadily increasing deficit.

During Dr. Kreisky's visit to Moscow earlier this year, the possibility of joint industrial ventures and increased Soviet purchases in Austria were discussed. Evidently the current project constitutes one of the subjects the Chancellor raised in Moscow.

It is thought highly doubtful that Austrian consumers would opt in appreciable numbers for a car even partly produced in the Soviet Union.

Trade agreements where the Soviet Union is involved see a dynamic growth rate of deliveries of Soviet raw materials although that is "somewhat slower" than the growth rate of machinery supplies.

The percentage growth of investment machinery supplies is larger in all the agreements than the growth of overall trade.

Thus growth of equipment supplies by Poland to the Soviet Union in 1978 over the previous year will be 27 per cent, while trade turnover growth will be 17 per cent.

U.K., Dutch companies step up fight for Japan aircraft order

BY YOKO SHIBATA

TOKYO, April 18.

WITH THE establishment of the "New Aircraft Introduction Committee" by TOA Domestic Airlines, the competition between two European aircraft, namely the British Aerospace One-Eleven and the Dutch Fokker F28 as replacements for TDA's YS-11 is expected to become more severe.

TDA announced today that the company has merged its former two study committees on wide-bodied jets and YS-11 replacements into the New Aircraft Introduction Committee.

The new Committee consists of completely new members, with its main stress on the technical side. The first meeting will be held in this month for the selection of three wide-bodied jets and several YS-11 replacements.

The target time of the introduction of both aircraft would be this September, according to TDA's purchase plan for fiscal 1978, which was submitted to the Ministry of Transport on March 24.

As for YS-11 replacements, TDA has been studying three candidates (the One-Eleven, Fokker F28, and modified DC9). All these are claimed to be able to meet three requirements of a take-off and landing per-

formance equal to that of the YS-11, low noise levels, and low seat kilometre costs.

Because of the strong approach made by the EEC to buy European aircraft in order to correct the current European trade imbalance with Japan, TDA is inclined to buy European aircraft. Mr. Isamu Tanaka, president of TDA, commented: "In

view of the present situation, European aircraft is most likely to replace the YS-11."

Mr. Tanaka added further on March 22: "If we could borrow one BAC One-Eleven for the test, TDA is willing to use it."

Tanaka's comment was widely interpreted as the sign that the One-Eleven is the most promising candidate for the YS-11 replacement.

In order to make doubly sure of the deal, Mr. John Ferguson, Smith of the Commercial Aircraft Division of the Aircraft

Group of British Aerospace, visited Japan on March 27 to negotiate with TDA on procurement of the One-Eleven.

At the same time, the Dutch Government sent a Charge D'Affaires, Mr. F. Van Green, to meet Mr. Nobuhiko Ushiba, Minister of External Economic Affairs. Mr. Van Green asked for Mr. Ushiba's support in the Dutch efforts to have the F28 included in the list of aircraft to be replaced by the YS-11.

At a Press conference Mr. Klass Lanceson, marketing manager of the Pacific Division of the Fokker, emphasised: "The new version of the F28 was specifically designed as a YS-11 replacement, having been improved and stretched in order to increase the number of seats from 85 to 100."

As a result, the seat kilometre cost will decrease, while retaining the aircraft's original characteristics of low community noise.

According to the Fokker spokesman, the campaign for the F28 Mk 6000J puts particular emphasis on its low noise characteristics, which are of particular importance for Osaka

W. German call for more Japan imports

TOKYO, April 18.

WEST GERMANY'S Deputy Minister for Economic Affairs today criticised recent Japanese moves to curb exports, saying Japan should boost imports instead. "Bluntly speaking, I would not like to see (West) Germany as the next country to curb exports, so I do not want Japan to do it," Dr. Detlev Rohwedder told a Press conference.

The sharp rise in the value of Yen had made imports cheaper for the Japanese, he said. Figures for 1975 showed Japanese imports of manufactured goods were only 588, a bear of population, compared to \$500 in the United States and \$624 in West Germany.

Japan's current account balance of payments surplus might fall in fiscal 1978 to about \$8bn, after the record \$14.13bn surplus in fiscal 1977, according to Yoshihiko Doko, president of the Kaidanren, the Japanese Federation of economic organisations. Reuter reports from Stockholm.

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SMMT urges defence of free trade

By Terry Dodsworth

TURIN, April 18. POST-WAR POLICIES of international free trade must be defended against countries expanding their exports behind closed frontiers, Mr. Bartie Heath, a vice-president of the Society of Motor Manufacturers and Traders, said yesterday.

In a reference to the East European trading bloc and the Japanese, Mr. Heath said competitors who ensured that 85 to 100 per cent of their markets were dominated by their own producers could not expect full, open-door treatment.

"Europe cannot sit back and play at free trade with stacked decks," he said.

But Mr. Heath, speaking on the eve of the Turin Motor Show, made clear that the remarks referred only to countries which had not shown a full commitment to free trade.

He went on to emphasise that the British motor industry still stands firmly behind a general policy of free trade, despite British Leyland's recent efforts to persuade the Government to limit imports of Japanese cars.

Protectionist trade policies, he said, only lead to a lowering of living standards in the West, he said.

Toyota Motor Co. is still studying the feasibility of building a factory in the U.S. to produce vehicles there.

Nissan Motors is to raise retail prices of Datsun cars and trucks in the U.S. by as much as 10 per cent, or more, from April 23 after a year appreciation against the dollar, Reuter reports from Tokyo.

It will be the sixth increase in the U.S. since last May, bringing the total price increase to 21.3 per cent, or 58.1, to date. Despite repeated price increases, Nissan's exports to the U.S. rose 25.8 per cent to \$34,850 in April 1977, it said.

French car imports. The foreign share of the French car market declined to 15.5 per cent in February from 22.5 per cent in January, compared with 20.4 per cent in February last year, Reuter reports from Paris.

Inter-Comecon business to rise by 12%

BY CHRISTOPHER BOBINSKI

WARSAW, April 18.

THE SLOW-DOWN in East-West trade and the consequent shift in trade towards the Comecon countries is a factor that explains the fast growth in trade between Comecon countries planned for 1978.

That conclusion is drawn by the Polish trade paper *Foro* in an article on the Comecon country trade protocols agreed for the current year. It says the decisive factor in that growth is the long-range policy of integration within Comecon.

Inter-Comecon bilateral trade agreements for 1978 foresee an average 12 per cent growth over the previous year, although Polish-Romanian trade and Polish-Soviet trade will grow by

19 per cent, and 17 per cent, respectively, and Hungarian-Romanian trade by 18 per cent. Czech-East German trade, on the other hand, is to grow at 8.5 per cent.

Trade turnover is planned to exceed amounts agreed by protocols signed for the 1976-80 period, as those were seen as lower limit agreements. Thus trade turnover is as a rule 5 to 10 per cent up on the five-year period protocols.

All the trade agreements for 1978 foresee a trade growth rate higher than the planned national income growth of the countries involved. Also they all foresee a quicker growth of machinery

and equipment supplies than other goods.

Trade agreements where the Soviet Union is involved see a dynamic growth rate of deliveries of Soviet raw materials although that is "somewhat slower" than the growth rate of machinery supplies.

The percentage growth of investment machinery supplies is larger in all the agreements than the growth of overall trade.

Thus growth of equipment supplies by Poland to the Soviet Union in 1978 over the previous year will be 27 per cent, while trade turnover growth will be 17 per cent.

Tanzania £4m. aid

Britain is providing a £4m. programme aid grant to Tanzania to assist the country's railway network. The aid, to be spent on British goods and services, will be used to help to maintain and re-equip Tanzania Railways after the break-up of East African Railways. It is the second British aid grant for Tanzania Railways.

Landing aid choice unlikely this week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IT IS considered certain that the 85 nations meeting in Montreal to try to decide on a new landing aid for airliners will adjourn later this week with no agreement on the rival systems on offer.

The meeting, under the auspices of the International Civil Aviation Organisation, was expected to decide by this Friday between an American landing-aid, called Time Reference Scanning Beam (TRSB), and a British system, called Doppler, for recommended worldwide use in the 1980s and beyond.

The winning system could whom. At the same time, the U.S. delegation has been expected to win orders worth up to \$1bn. over the years ahead.

But the meeting was thrown into disarray late on Monday when the U.S. delegation sharply changed course and, in addition, offered to consider it.

The inference drawn from the U.S. action is that it saw the meeting moving closer to adoption of Doppler, and decided to stage off a defeat by introducing an alternative system that used the same principles as many delegates no longer sure TRSB but was cheaper for some countries to adopt.

Norway shipyard row

BY PAUL TAYLOR, INDUSTRIAL STAFF

THE NORWEGIAN Government is expected to announce plans for a phased reduction in shipbuilding capacity and a substantial reduction in the industry's labour force within the next few months.

In January a Royal Commission composed of Government, Ministry of Industry, and union and employers' representatives recommended a 30 per cent reduction in capacity over three years.

Mr. Bakke would not say how much financial aid his Government had given to the merchant marine through the state-backed guarantee institute for ships and drilling rigs, but said there was no plan to mount further "rescue" schemes.

In his opening remarks at the exhibition he said Norway was at the four-day Norwegian happy to share "with all interested parties" the nation's skills and engineering products.

U.S.-Brazil container row

BY DIANA SMITH

RIO DE JANEIRO, April 18.

BRAZILIAN AND United States maritime authorities are preparing for the next battle in the U.S. container line, close to impinging on U.S. sovereignty.

Such attitudes, the U.S. side made clear, might harm future shipping relations.

He pointed out that by renegeing trans-shipment via Puerto Rico, Brazilians were in effect battle by the U.S. container line, close to impinging on U.S. sovereignty.

Such attitudes, the U.S. side made clear, might harm future shipping relations.

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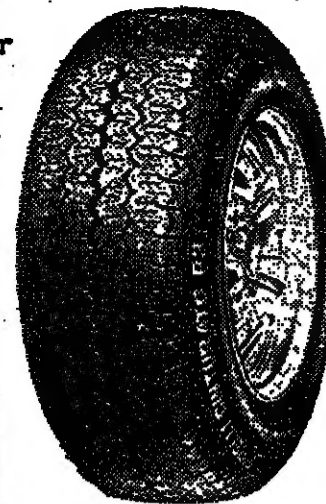
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HOME NEWS

Fee scale solution sought by architects

By Michael Cassell, Building Correspondent

ARCHITECTS ARE to consider replacing their mandatory minimum fee system with a recommended scale of fees following discussions with the Office of Fair Trading.

The talks, which ended yesterday, followed last November's report from the Monopolies Commission which called for changes in architects' and surveyors' payment methods.

The recommendations brought immediate opposition from both sectors but the Royal Institute of British Architects, said yesterday that some progress towards reaching a possible compromise had been made.

Special general meetings are to be held next month by the RIBA and architects' bodies in Scotland and Ulster to seek approval for a system of recommended scale fees, which would be determined by an independent committee representing clients and the professions.

In calling for abolition of the mandatory fee system, the Monopolies Commission claimed the system maintained fees at an unnecessarily high level.

The Commission said that a recommended fee structure would not be against the public interest, provided that fee quotation in competition was allowed. It seems clear, nevertheless, that architects are still determined to avoid the emergence of uncontrolled price competition and the RIBA said that its strong opposition to any such moves had been indicated to the Office of Fair Trading.

In its talks with the Office, the RIBA emphasised that the current recession in the construction sector and its associated problems highlighted the potential dangers of widespread fee-cutting.

Go ahead likely for oil fields expansion

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL COMPANIES expect to receive Government approval for the development of several new North Sea fields this year. The resulting work, probably worth more than £250m, will provide a boost to offshore suppliers and platform builders in particular.

A new report on offshore oil and gas activity shows that negotiations involving six oil fields have reached a stage at which their development could begin in the near future. Energy Ministers pointed out that a number of other development projects were under consideration.

Several of these were likely to be sanctioned this year: these might include British Petroleum's £125m Magnus field development; Shell/Eso's Fulmer project; and Esso's Esmeralda field.

Beairste Field development—now being re-evaluated—and the exploitation of two Hutton fields operated by Amoco and Conoco. These fields should help to ensure that the U.K. remains self-sufficient throughout the 1980s although the Department of Energy's report (the so-called Brown Book) takes a cautious view about how much oil will be left for net exports.

Production during the mid and late 1980s is expected to be in the range of 100m to 150m tonnes a year. At the lower level, Britain could just remain self-sufficient in oil.

Although the department is still confident that self-sufficiency will be reached in 1980 it has trimmed its estimates of output this year, from 60m-70m tonnes to 55m-65m tonnes.

The report says the more cautious view takes account of further weather and technical problems which frustrated development programmes last year. Production in 1977 amounted to 38m tonnes as against the forecast in last year's Brown Book of 40m to 45m tonnes.

Royalties from oil and gas production reached £228m last year as against £442m in 1976.

ESTIMATED RESERVES IN U.K. LICENSED AREA

| | Proven | Probable | Possible | TOTAL |
|-------------------|--------|----------|----------|-------|
| Current estimates | 1,405 | 625 | 1,190 | 3,220 |
| 1977 estimates | 1,380 | 920 | 900 | 3,200 |

Source: Dept. of Energy

Mr. Anthony Wedgwood Benn, Energy Secretary, described 1977 as the year when oil production made its first strong and positive impact on the U.K. economy.

The value of North Sea oil production in terms of exports and imports saved was more than £20m, which, for the first time, exceeded the cost of imported goods and services needed for the exploration and development programmes.

The Government's view about the total amount of oil reserves, which might be available under U.K. waters has not changed at 30m to 45m. The higher figure allows for future discoveries in areas yet to be designated and licensed, however.

There has been only a modest adjustment to the amount of proven probable and possible reserves in currently licensed areas: a rise of just 20m tonnes to 3.22m tonnes. Estimates of proven oil reserves have risen by 25m tonnes to 1.405m tonnes.

These figures include about 50m tonnes which have already been produced. With little exploration taking place for gas reservoirs, Britain's proven reserves of natural gas have fallen from 800m cubic metres to 740m cubic metres. The drop is primarily the result of last year's production which, valued at oil prices, was worth some £20m.

The Brown Book also shows that since U.K. offshore exploration began in 1964, operations groups have made 50 oil discoveries and 30 other finds involving gas deposits. However, exploration and appraisal drilling activity is still significantly down on the peak of 1975. On the other hand development activity has increased with 96 wells drilled last year as against 54 in 1976.

There was a slight improvement in last year's accident record: a total of 18 people are known to have died while working on offshore gas and oil installations as against 17 in 1976. There were 40 serious accidents in 1977 compared with 57 in 1976.

Development of the Oil and Gas Resources of the United Kingdom 1978: SO, £2.25.

FORECAST PRODUCTION FROM U.K. CONTINENTAL SHELF

| | 1978 | 1979 | 1980 | 1981 | 1982 |
|------------------|-------|-------|--------|---------|---------|
| Current forecast | 55-54 | 80-95 | 90-110 | 100-120 | 105-125 |
| 1977 forecast | 60-70 | 80-95 | 90-110 | 100-120 | — |

Source: Dept. of Energy

Sanction breaking by BP alleged

BY SUE CAMERON

THE HASLEMERE group, a Third World action-research group, claims that British Petroleum's South African subsidiary is continuing to breach sanctions by supplying Rhodesia with oil.

The allegation, which is said to be supported by sources within the South African oil industry, has been rejected by BP. The company, which is 51 per cent Government owned, says it believes its South African subsidiary is "in no way" involved with supplying oil to Rhodesia.

The Haslemere group first accused BP of breaking sanctions in February last year and it has now repeated the claim in a letter sent to Mr. Owen, Foreign Secretary, and trade union leaders yesterday.

In April last year Dr. David Owen, Foreign Secretary, set up an inquiry into alleged sanction-breaking by BP and Shell. The inquiry is being conducted by Mr. Thomas Bingham, QC, who has finished taking evidence and is expected to report to Dr. Owen soon.

In its letter, the Haslemere group calls for the Bingham report to be published in full as soon as possible. But it adds that "some sources have suggested that neither the oil companies nor the Foreign Office are particularly anxious for the findings to come out before an internationally recognised settlement is achieved in Rhodesia."

The Foreign Office said yesterday that the findings of the inquiry would not necessarily be published at all. Publication would be a matter for Dr. Owen to decide. Both Shell and BP say they have co-operated fully with Mr. Bingham's inquiry.

NEWS ANALYSIS—OIL PLATFORM BUILDING

Forging a new link to boost the supply chain

BY RAY DAFTER, ENERGY CORRESPONDENT

THE NEW international group that it took over the operation of Redpath Dorman Long's oil platform construction yards at Methil, Fife, should provide a much needed shot-in-the-arm for RDL's workforce and the U.K. offshore supplies industry in general.

Following a couple of lean years for platform orders when RDL suffered as much as any U.K. company with steel construction experience, the prospects for new contracts now look much brighter. RDL—as British Steel Corporation subsidiary—clearly feels that it has a better chance of winning some of these prospective contracts as part of a wider, international group.

It is joining forces with the Dutch offshore group, De Groot, in a company to be called Redpath De Groot Caledonian. It is a measure of De Groot's experience that it has built some 48 platforms to date. Most of these have been small structures by North Sea standards, the type of shallow water platforms installed in Britain's southern sea fields.

RDL, on the other hand, has built just two—albeit very large—platforms, the Brent "A" structure for Shell-Eso's northernly field, installed in May, 1976, and the steel production unit for Shell-Eso's small Auk Field, installed in July, 1974.

RDL obtained other fabrication work, including contracts for production modules and jack structure, but these were insufficient to prevent a serious cut in jobs. By last year the payroll at Methil had fallen to less than 100, compared with a peak of 1,450 in the summer of 1976.

The workforce has now been built up to over 800 largely on the strength of a contract for part of the Tartan Field platform construction. The order was placed by Texaco after fierce competition from overseas yards.

In the event, Texaco decided to share the contract between RDL and Union Industrielle d'Entreprise de France, each company destined to earn well over £10m for their part of the fabrication work.

Mr. David Waterstone, British Steel director and executive in charge of the Corporation's North Sea developments, said he saw that contract—as a "great new start."

The joint venture with UIE opened up opportunities for more orders both in the North Sea and in French offshore waters.

he said in September, adding that RDL would not necessarily bid for contracts in conjunction with the French group.

Yesterday's announcement shows that RDL is plugging its losses more on the joint venture than on the joint venture.

The merger is described as "unique," for apart from the U.K./Dutch interests, the new Redpath De Groot Caledonian company will also include two Scottish interests: the Scottish Development Agency and North Sea Assets.

RDL will have a 48 per cent stake in the RGC group. De Groot's interest will be 43 per cent, leaving North Sea Assets with a 9 per cent stake and the Scottish Development Agency with 4 per cent.

North Sea Assets is a Scottish investment company specialising in North Sea development interests. Its involvement stems from the fact that its investment managers, Ivory and Sims, acted as marriage brokers in the RDL-De Groot link. The Scottish Development Agency says it will act as a "catalyst" in the new company, ensuring that Fife and Scotland carry out a high proportion of oil-related work won by the group.

Unemployment has been particularly bad in the Levenmouth area of Fife and RDL's near-demise last year was a major blow. In November Dr. Dickson, Fife's Minister, said that the Tartan contract had given the yard a last chance to prove its viability.

Mr. Waterstone—who now becomes chairman of the new RGC company—said then that the employees knew that the yard was being given a second chance and there would not be a third.

However, the formation of RGC has, to a major extent, rewritten that second chance. Mr. Waterstone said six months ago that he could see orders on the horizon for at least six offshore platforms. He may have been taking a cautious view.

It appears that following the recent lean years there could be a spate of orders for production units over the next 12 months or so, perhaps as many as a dozen according to stockbrokers Wood, Mackenzie.



Few, if any, of the contracts, which have been set up to build concrete platforms, however. Oil companies claim that concrete structures are too costly and take too long to build.

This is depressing news for the steel fabricators, who are the mainstay of the platform building industry. Methil is involved in only the Tartan part-order; Nigg Bay is building a platform for Chevron's Ninian Field, and Ardeer has three contracts—one for Conoco's Murchison Field in the North Sea, one for Petrobras of Brazil and a third for Placid in Holland.

A fourth steel fabrication company, Laing Offshore at Graythorpe, Teesside, announced on Friday it was pulling out of the platform business after two years without an order.

All the yards are seeking new work and are aware of competitive pressures from Continental yards which are also short of orders. However, U.K. oil operators have given the Government an undertaking that they will give British yards a fair opportunity to compete for orders.

This means in essence that so long as U.K. fabricators have specified delivery dates, prices and technical content as attractive as overseas bidders there is little chance of oil companies being allowed to place contracts outside of Britain. This provides a clue to De Groot's involvement in the new RGC company.

Last week Honeywell, the U.S. computer and control systems company, formed a marketing link with a British company, David Brown-Vesper, in order to circumvent any political problems that might arise for a foreign company seeking business in the North Sea.

But another attraction of the deal to De Groot is that it has been seeking experience and fabrication facilities to take it into the deep water platform market.

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Areas for Expansion

ISSUED BY THE DEPARTMENT OF INDUSTRY in association with the Scottish Economic Planning Department and the Welsh Office.

Shoe industry's aid starts with £4½m.

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DETAILS of the long-awaited package to aid the troubled footwear industry were announced in the Commons yesterday.

An initial £4.5m. is allocated to promote modernisation and raise productivity in an industry where about 8 per cent. of the 73,000 workers are on short time.

Mr. Alan Williams, Minister of State, Department of Industry, said the scheme would "play a significant part in assisting the industry to remedy a number of its major internal weaknesses and to ensure its long-term future."

More significant recommendations will be in the report expected this month from the Price Commission, which has been investigating retail margins in the industry.

Imbalance of market strength between footwear manufacturers and distributors was a main problem identified in a two-year study by the Government, unions and civil servants.

This, on which the measures announced by Mr. Williams were based, found that with notable exceptions too many distributors took advantage of their size and the buyers' market to squeeze manufacturers' margins.

To establish a dialogue between producers and retailers, the EEC introduces a system of automatic import licensing from May 1 for all shoes from 11 main supplying countries.

Bryant is cleared of conspiracy

Financial Times Reporter

MR. CHRISTOPHER BRYANT, chairman of the Bryant construction group, Birmingham, was found not guilty at the Old Bailey yesterday on two counts of conspiracy to corrupt.

Mr. Justice Melford Stevenson discharged Mr. Bryant after a four-hour retirement by the jury. Three other Bryant directors, who have admitted corruption charges, will be sentenced tomorrow.

Earlier, the jury had heard the judge say that admissions of guilt by some of Mr. Bryant's colleagues should not be weighed against him "as a matter of form," and that they had to decide whether he became a party to the kind of conspiracy alleged during the trial.

Mr. Bryant, 55, of Sainsbury, near Broadway, Worcestershire, was charged with conspiring with others to make inducements and rewards corruptly to John Henshaw, a former officer of Birmingham Corporation, who was jailed on corruption charges.

The judge told the jury to bear in mind that Mr. Bryant was a "prominent and highly respected citizen of Birmingham." He invited them to ask themselves "if they had any doubts about the details of the conspiracy, they must say so."

He also denied conspiring to make inducements and rewards corruptly to John Henshaw, a former officer of Birmingham Corporation, who was jailed on corruption charges.

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Paintings realise £296,560

A GOOD SALE of Victorian paintings at Sotheby's Belgraveia, yesterday totalled £296,560, with just 6.5 per cent. bought in a U.S. buyer, I. Vosko, was an active participant, paying £9,500, the 10 per cent. premium, for *Boi de la Ville de Paris pour les Besses* by William Parrott.

It was an auction record for the artist. Another new high was the £28,300 which acquired *Procris and Cephalus* by John Spencer Stanhope.

Vosko also bought *Anno Te Alma-Tadema* for £7,800, rather below forecast, and *Colnaghi* secured a portrait of Mrs. James Guthrie by Frederic, Lord Leighton, for £7,000. *Young Lady* by Richard Redgrave sold to Vosko for £6,800.

Sotheby's in Bond Street had a minor auction of oriental ceramics which made £28,978. Eleven lots, the property of

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SALEROOM

BY ANTONY THORNCROFT

other portraits, after and by Sir Anthony van Dyck by various below forecast, and *Colnaghi* secured a portrait of Mrs. James Guthrie by Frederic, Lord Leighton, for £7,000. *Young Lady* by Richard Redgrave sold to Vosko for £6,800.

Sotheby's in Bond Street had a minor auction of oriental ceramics which made £28,978. Eleven lots, the property of

Col. William Stirling and re-painted at Sotheby's Belgraveia, yesterday totalled £296,560, with just 6.5 per cent. bought in a U.S. buyer, I. Vosko, was an active participant, paying £9,500, the 10 per cent. premium, for *Boi de la Ville de Paris pour les Besses* by William Parrott.

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HOME NEWS

Metric switch backing sought

By Our Consumer Affairs Correspondent

THE GOVERNMENT called on trade and consumer organisations yesterday to reaffirm their support for an orderly transition to metric measures.

In an open letter to over 100 groups which in the past have supported the Government's timetable for introduction of metrication, Mr. John Fraser, Minister of State for Prices and Consumer Protection, asked the organisations to make their present position clear in the wake of recent attacks on the metrication programme.

The success of the metrication programme, he said, depended on co-operation on all sides, and it was clearly impossible for the Government to proceed against a background of hostility.

He therefore asked the groups to let him know if they still supported the programme, with cut-off dates for use of imperial measures based on the agreed timetable, or if they preferred no such legislation at present.

The choice facing Parliament, he said, was if the imperial units should be left to "wither away in the shops" over a long period, or whether the process should follow a definite and prescribed timetable and be brought to an orderly conclusion by the early 1980s.

Britain is irretrievably committed to going metric. What is at issue is the use of statutory cut-off dates for use of imperial measures.

Two Government Orders have recently been hogged down in committee. Mr. Fraser said this resistance had led the Government to ask whether it could still claim to have universal support for metrication.

It had been virtually unanimously accepted that Government had in shoulder responsibility for giving statutory backing to agreed timetables for phasing-out of imperial units in the sectors involved.

But in the light of recent developments he considered it necessary to give all concerned an opportunity to reconsider and restate their positions.

Electronic circuits output 'must double'

BY MAX WILKINSON

FURTHER EFFORTS must be made to improve the competitive ness of electronic integrated circuit manufacture in Britain, an Industrial Strategy Report published to-day says.

The report from the Electronic Components Sector Working Party of the National Economic Development Council says the sector needs to double output by 1980.

This is in order to create a balance of trade surplus of £270m, compared with the present deficit of £170m.

It is hoped, import penetration would fall to about 25 per cent.

The working party says, however, that this objective is probably over-ambitious.

A series of studies has therefore been undertaken by the industry to look in detail at the prospects of each product range in the industry.

Although the working party had not yet formulated its detailed views on all these product areas, it will wish to support strongly the views of the Electronic Research Council and the industry Department that micro-electronics is one of the key technologies for the future.

It has been estimated that in the 1980s electronics will account for a significant amount of the value of a car.

It is thus essential that the

equipment manufacturers and electronic components industry work together closely to exploit these opportunities.

The sector at present employs about 130,000 people, a figure which will be reduced unless the manufacturers are able substantially to increase output to offset the trend towards automation.

Britain's share of exports among OECD countries remained about 8 per cent between 1970 and 1975, but the report warns: "Britain held or increased its share of OECD exports in the three markets which grew at or below the world average rate."

"In the six markets which grew more rapidly than the world average, Britain's share of exports of active components fell."

By contrast, the working party says, Japan's share of world trade for the major products in this sector grew from 9.3 per cent in 1970 to 16 per cent in 1974.

Fujitsu, with 36,000 employees and 7,000 research and development engineers, mostly working on advanced micro-electronics, is receiving an average £30m a year in government subsidy.

In the U.K., it is estimated that the components industry has a 30-40 per cent surplus capacity, but the report says: "Much of

this is in non-cost-competitive plant."

"The need to respond to changing patterns of demand means that some of this capacity may not be of the right type."

"The industry will need to reduce the rising share that imports are taking of the U.K. market and to increase the level of exports."

"In many cases, this will involve increasing our capacity to manufacture new or higher technology products in the U.K."

Further efforts needed to be made to establish quality and reliability standards throughout the U.K. components industry.

The main recommendations are that the industry Department should extend its support for the components industry and especially recognise the importance of micro-electronics.

"In considering future policies towards taxation and remuneration, the Government should give special consideration to the need to attract and retain the right calibre of employees in the manufacturing industry if the Industrial Strategy is to succeed."

"This involves providing proper incentives at all levels through measures that harness the talents of all employees."

NEDO Books, 1, Steel House, 11, Totill Street London, S.W.1.

Receiving order against Stern

BY MARGARET REID

A RECEIVING order was made in the London Bankruptcy Court yesterday against Mr. William Stern, the former property tycoon whose private business empire collapsed in 1974 with debts of well over £100m.

The petitioning creditor was Keyser Ullmann, the merchant bank, which had £200,000 and which, last December, won a High Court action against Mr. Stern, who was ordered to repay £156m.

Keyser Ullmann's petition alleged "non-compliance before January 24 of a bankruptcy order" and was partly based on the earlier Court judgment.

When the judgment was made against Mr. Stern in December, Mr. Derek Wilde, chairman of Keyser Ullmann, said that "as a large sum of money is involved, we feel an obligation to shareholders to make absolutely sure that any money Mr. Stern has made available to repay these loans."

Legal steps which could lead to a bankruptcy petition against Mr. Stern were also taken last year by the Crown Agents, to whom there is some £40m owing from Stern companies.

The effect of yesterday's receiving order is to freeze Mr. Stern's assets. There will now be an intensive investigation by the Official Receiver and his staff into why Mr. Stern is in financial difficulties.

American-born Mr. Stern, who was said in the recent Fay Committee report on the Crown Agents to have given personal guarantees totalling over £100m, was not present at yesterday's private hearing before Mr. Registrar Parbury at the London Bankruptcy Court.

Whitehall worry as more quit forces over pay

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

CONCERN IS being expressed in Whitehall at the increasing number of men leaving the armed forces because of dissatisfaction over pay.

Coupled with difficulties in recruiting adequate numbers of men of the calibre needed to maintain manpower levels in key technical areas of the forces, these resignations are likely to result in some sections of the army, navy and air force being short of personnel for some time to come, because of the time it takes to train replacements.

Reports in Whitehall suggest that the problem is particularly acute in the army, where applications for promotion are being released at a rate of 1,000, of which about 470 have applied within the past four months.

The full effect of these resignations have not yet been felt, but most officers are required to give six months' notice.

The impending drain of officers is considered the report of the Armed Forces Pay Review Body. This is believed to recommend pay rises within the Government's guidelines, but coupled with a series of adjustments in special rates for particular trades that will help to redress the imbalance between present forces' pay and the salaries obtainable in civilian life.

The Government's decision on forces' pay were originally expected to be published this week, but it is understood that in view of the difficulties involved in finding solutions that will not breach the pay award guidelines, he said, "I shall not be pushed on this matter any further."

Throughout the armed forces, it is agreed that whatever award is made, it will have to be generous enough to ensure not only that the present rising tide of resignations is stemmed, but also that recruitment is encouraged.

Together with other ranks, the total of Army personnel seeking to quit is expected to reach more than 5,000 for the full 1977-78 financial year.

The RAF admitted recently that it was short of officers of the calibre needed to fill many of the technical posts, especially in the general duties branch which includes aircraft.

The recent introduction of new short-service commissions is intended to fill this gap.

But one of the RAF's biggest problems is that only a small percentage of the recruits coming forward are of the calibre required to fill some of the jobs. For example, as pilots of the modern supersonic jet fighters, it costs about £500,000 to train a fighter pilot, and takes several years.

Leaked figures which show a heavy drain of men from the armed forces because of dissatisfaction over levels of pay were probably correct, Mr. James Callaghan, the Prime Minister said in the Commons yesterday.

Pressed by Mrs. Margaret Thatcher, opposition leader, to give the Services a pay settlement above the 10 per cent guidelines, he said, "I shall not be pushed on this matter any further."

They have done this because there is in any case a normal shortfall in expenditure and because last year the shortfall was an astonishing £3bn, to £4bn.

My own view is that the shortfall for 1978-79 has been exaggerated in the official forecasts, because the initial shock of cash limits has worn off and spending authorities will be allowing their agents to go much nearer ceilings than they have done for the last year or two."

Mr. Pomeroy also referred to the large commitment of the contingency reserve at this stage of the public expenditure plans—and therefore the borrowing requirement—before drawing up final Budget estimates.

He says that the official forecasts have knocked about £2bn off the public expenditure plans—and therefore the borrowing requirement—before drawing up final Budget estimates.

At the moment, Mr. Pomeroy said, the Treasury is not in a position to say whether the borrowing limit would be large—perhaps £1bn.

The main changes will be geographic since the BBC service

Silverware demand falls after Jubilee

AFTER the boom in commemorative silver wares during Jubilee year demand for silver fell back in the first quarter of this year. But demand for gold hallmarked articles remained buoyant, reports the Joint Committee of the Assay Offices of Great Britain.

The number of silver articles sent for assay in the first three months of this year, at 3m items, was 8.5 per cent less than in the first three months of last year and the weight fell even more sharply by 32 per cent to 31 tonnes.

However, nearly 1.5m gold articles were hallmarked, 22.2 per cent more than in the same period a year ago.

Helicopter deal

British Airways has ordered two of the new US Sikorsky S-76 12-seater helicopters, worth about £2m, bringing to 16 the investment in new aircraft over the past year by British Airways Helicopters.

Engine record

Rolls-Royce Dart engine yesterday completed its 25th year in airline service, the world's first gas-turbine aero-engine to do so. In that time, more than 4,800 Darts have been sold, worth more than £300m. The original U.K. Government investment in Dart development has already been repaid nearly twice over through sales on the sale of engines and spares, said Rolls-Royce.

Skoda change

Skoda is to introduce modified versions of its Estelle in the U.K. today. After criticism of the suspension by the Automobile Association and the Department of Industry, late in 1976, the company has made major changes to the suspension and is buying British-made wheels and tyres.

Merger vote

Members of the Hastings and Thanet Building Society voted overwhelmingly in favour of a merger with the Amalgamated Society at their annual meeting yesterday.

More jobs call

The East Midlands Economic Planning Council, in a report with one of the lowest unemployment totals in the country, called yesterday for more radical approaches to tackling the problem. It wanted tax cuts, retirement, longer holidays, a shorter working week.

Price row

The Electricity Council again criticised the British Gas Corporation for charging its customers too little for their gas.

Mr. Ray Orson, a member of Electricity Council, said yesterday that British Gas was paying less than the market price for its gas supplies, and selling it at much less than the market price.

Builders criticise land policies

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE future prosperity of the U.K. is being threatened by a series of land planning policies which are "committed to anti-growth," according to the Builders' Federation.

Mr. Colin Shepherd, president of the federation, said in London yesterday that he believed that policies now being incorporated into structure plans represented "an insidious menace" to the nation's economic welfare.

He said: "In area after area, structure plans either have been submitted or are being prepared which reflect the outcome of public participation exercises and the wish to people to have less growth of all kinds in their area. The total combined

effects of these plans will be to prevent, or make very difficult, the investment in new factories, offices and houses the nation requires."

Mr. Shepherd said that because structure plans were regarded as being no more than technical land-use planning documents, people responsible for the industrial strategy at the highest level were apparently unaware of the damage being done by them.

"We have a series of planning policies which are committed to anti-growth, anti-expression and which are pro-conservation as an end in itself rather than as an intelligent part of total strategy. It is those planning policies which will actually determine

what can be done because they not the exhortation and encouragement of Government, provide the statutory framework."

Mr. Shepherd conceded that the construction industry had an interest in a healthy building programme but said that "a negative anti-growth attitude" was now emerging in relation to many sectors which have experienced the fastest growth over the past 20 years.

"These policies are being prepared by planners, encouraged and stimulated by a thoroughly misguided minority of conservationists, who seem to see their life in life as being to turn back the tide of 200 years of industrialism."

Grocery shop sales over £10bn.

By Our Marketing Editor

TOTAL sales in Britain's grocers last year topped the £10bn mark for the first time, according to A. C. Nielsen, the market research company. The total, £10,075bn, showed a 16.1 per cent gain on 1976, when sales were £8,653bn.

Figures are based on total expenditure on all items supplied by grocers—not just trends in packaged groceries which have provided the basis for recent publicity accorded grocery trade movements over the past 12 months as a result of the High Street price war initiated in June by Tesco.

In the wake of Tesco's decision to sever its relationship with Green Shield trading stamps and the drastic price-cutting throughout the trade that followed, last year saw a further substantial improvement in the share of total grocery sales enjoyed by the multiples. Their sales improved by 20.2 per cent to give them 51.2 per cent of the total market.

The co-operatives almost held their own with a market share of 13.2 per cent and a sales gain of 14.5 per cent.

But the independents suffered. Their sales improved by only 11.1 per cent, and their share of the market fell by 1.6 per cent to 35 per cent.

From July of next year the BBC will do all radio research and also the qualitative work for television—assessing audience appreciation. ITV will carry out the quantitative research—measuring the actual size of

Warning on public sector borrowing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A WARNING that the public sector borrowing requirement might overshoot this year, instead of undershooting as in the recent past, comes to-day from a former senior Government economist.

This view comes in a stockbrokers' and a Scrimgeour's quarterly economic review from Mr. Michael Pomeroy, former deputy chief economic adviser to the Treasury and now reader in economics at Cambridge.

He says that the official forecasts have knocked about £2bn off the public expenditure plans—and therefore the borrowing requirement—before drawing up final Budget estimates.

At the moment, Mr. Pomeroy said, the Treasury is not in a position to say whether the borrowing limit would be large—perhaps £1bn.

The main changes will be geographic since the BBC service

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BBC and ITV join in research

BY ARTHUR SANDLES

AFTER YEARS of argument the BBC and ITV are going to get together for audience research.

The two networks have been criticised often for producing widely disparate figures for audience sizes and were urged by the recent Annan report on the future of broadcasting to settle their differences.

From July of next year the BBC will do all radio research and also the qualitative work for television—assessing audience appreciation. ITV will carry out the quantitative research—measuring the actual size of

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This man aims to invest £500,000 in a new production line for his company

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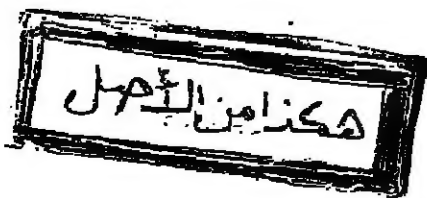
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Engine record

Shoda change

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More jobs call

Price fall

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SATION

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In a world of increasing uniformity, Peter Darvill stands for individual creativity.

He works with cars, giving them stripes, flames and any number of exotic patterns, making each car look like something out of 'Star Wars'.

But while Peter provides distinctive-looking vehicles for a minority of enthusiasts, most people are concerned with the comfort, safety and efficiency of their cars.

And it is chemical companies like Bayer that help provide the automotive industry with the means to produce better cars.

Bayer was first to introduce versatile polyurethanes, providing both the materials and technology for impact-absorbing bumpers, facias and fitments, as well as more comfortable seating.

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In automotive engineering, and in many other fields too, partnership in innovation is the keynote of Bayer's approach.

Whether it is helping farmers increase crop yields with more effective pesticides and insecticides, providing architects and builders with more durable and colourful materials, or in helping to fight and control disease and illness.

Or whether it is producing the pigments for paint on which many people, including Peter Darvill, rely.

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THE PRICE COMMISSION REPORT ON THE BANKS

Way opened for increased charges

BY MICHAEL BLANDEN

THE PRICE Commission's report on the banks published yesterday opens the way for rises in the charges made to customers. The commission concludes after its examination of the money transmission services of the banks that the charges they make are not excessive, and recognises that the banks have suffered a drop in their real return on capital over recent years which meant that profits have not been adequate to maintain their free capital ratios.

These conclusions will be welcome to the banks, which have made a strong case in support of their charging system. They now expect to put forward proposals for rises in certain areas, including charges to personal customers, where the present levels do not cover the costs incurred by the banks.

The commission says that it will bear in mind the fact that prices "when assessed future" increases notified to it by the four major banks, or applied by other banks exempt from notification.

While accepting the general arguments of the banks, however, the commission has also put forward a number of other suggestions and recommendations affecting charges and other aspects of the banks' operations, some of which will be highly sensitive.

Allowance

They include, as expected, the proposal that the banks should be required to disclose their general provisions for bad and doubtful debts, an area where the banks have so far maintained strict secrecy by stating their profits after these provisions. Charges should reflect more closely the cost of the service provided and the revenue arising

from deposits made by customers: this, it suggests, could be achieved either by paying interest on current accounts or by varying the scale of the allowance made by the banks against charges in relation to funds held in an account.

Another major recommendation is that the banks should try to achieve greater flexibility in their real return on capital over recent years which meant that profits have not been adequate to maintain their free capital ratios.

The Commission said that the Committee of London Clearing Banks occasionally gives the impression of "behaving like a cartel" and should open up full membership to all substantial retail banking operations.

In the same area, the commission finds that the Bankers' Clearing House which operates the clearing system for cheques is efficient: but it argues that more could be done to avoid the impression that it could be used to restrict competition from newcomers. It proposes that regulation of admission and arbitration on the allocation of costs should be taken over by the Bank of England.

Interest

An important comment is made on the costs which the banks incur in carrying out the function of distributing cash around the country. The costs could be reduced, the commission suggests, by rationalising the distribution networks.

At the same time, however, the report argues that the cost of holding cash should not be carried by the banks at all. The average total of £750m. worth of notes and coins in circulation between the Bank of England and the branches last year was effectively an interest-free loan

Improvement

Commenting on the Trustee Savings Banks, which are in the process of developing new services as a third force in banking, the commission finds that they need to improve their constitutional arrangements to fit in with the needs of modern commercial banking.

The National Giro, tends to lack the professional skill of the banking sector and though its existence has been a major catalyst in bringing about an improvement in the services of the clearing banks, it has failed as yet to achieve the success in its own right that was hoped for.

The Giro will require "continued management attention and Government support" before it can reach the effectiveness of its continental equivalents. The commission found that the U.K. was still largely a cash-orientated society, with 94 per cent of all debts over 50p being

settled in cash and the cheque being by far the most important method for the rest. The report follows a detailed examination of the charges made by the banks for their money transmission services — the handling of cash, cheques and

other forms of payment — in the context of the overall activities of the 17 banks covered. The analysis has been based largely on the four major London clearing banks, which account for 79 per cent of current account deposits.

The examination was announced last September, and the commission's conclusions are as follows. PWE conclude that the charges for money transmission services made by the banks subject to our examination are not excessive. After taking account of imputed income from the balances which these services attract and sustain, the surplus from the money transmission activity has declined.

It is impossible to identify precisely the capital employed in the provision of money transmission services, since the same capital is used to protect the depositor, for whom the services are performed and whose deposits provide funds for lending, and to support a loan portfolio at an acceptable level of risk. Return on capital can, therefore, only be calculated for the business as a whole. On this

basis, inflation-adjusted figures show a sharp fall between 1972 and 1977. Profits have been inadequate to maintain free capital.

Since charges for money transmission services form a small proportion of the total income of banks, and in particular of the four major London clearing banks, increases in such charges cannot be relied on alone to restore bank profits. The major burden must inevitably fall on lending, international activities and ancillary services which are beyond the scope of this study.

The case for raising the general level of charges for money transmission services can only be properly sustained if it is linked to the expectation of low short-term sterling interest rates. While London inter-bank offered rate (LIBOR) was high, as in 1975 and 1976, the costs of these services were amply covered by imputed income from deposits. At the time of writing, with LIBOR around 6½ per cent, the result for the banks cannot be better than neutral. Should the LIBOR decline further a deficit will open up.

Negotiate

Having formed the view that money transmission charges are, taken as a whole, not excessive, we have considered whether charges are fair as between different classes of customer.

So far as corporate customers are concerned we find that larger businesses can negotiate with the banks to ensure that their charges reflect the services provided and the value of funds deposited. Smaller corporate customers may not be able to negotiate so successfully and to that extent may find themselves in the same position as personal customers.

In the personal sector, which accounts for about 50 per cent of current account deposits with the major London Clearing Banks, provides 23 per cent of their money transmission revenues after taking account of notional allowances, one customer's account may subsidise another's to some extent this is attributable to the necessary simplification introduced by standard tariffs. This simplification has certain advantages. Customers can more easily and quickly estimate the charges they will have to pay and to compare tariffs between banks.

Savings

On the other hand standard tariffs conceal from the personal account customer the true cost of the service with which he is being provided. We do not find the degree of cross-subsidisation between personal account customers caused by the simplified personal tariffs is objectionable save in one respect.

The exception relates to the notional allowance for balances on current account. To the extent that a customer leaves a balance above the minimum he subsidises the charge made to other customers by the value of the funds in question for which he is not reimbursed.

We conclude that in future, if net money transmission revenue is to be increased, charges should reflect more closely the cost of the service provided and fuller credit should be given for the income that arises to the banks from investing the deposit. The latter could be achieved in two ways:

● Interest could be paid on current accounts. We recognise that to do so might involve significant compensatory increases in money transmission charges for particular classes of customer, and that such a change would benefit those with large current account balances at the expense of those with minimal balances. Furthermore, customers with larger balances would have to pay tax on the interest they would receive, while customers with smaller balances might prefer not to use the banking system at all which would reduce money transmission volumes and in-

requirement to obtain competitive quotations for money transmission services, which we believe to be incompatible with the jointly negotiated tariffs.

● The Bank of England, using its powers under the Bank of England Act 1946, should regulate conditions of membership of the Bankers' Clearing House and the allocation of costs between

members. ● Tariffs for smaller businesses should be published in the same way as tariffs for personal customers. ● Consultations should take place between the Department of Trade and the banks with a view to requiring disclosure of general provisions for bad and doubtful debts and movements in those provisions. ● The Trustee Savings Banks' constitutional arrangements should be reviewed by the Treasury to allow closer links between the banks and hence a more effective presence in retail banking. ● There should be greater flexibility with regard to opening hours so that retail banking services can be available to the public whenever there is a commercially justifiable demand.

There are two further matters to which attention should be given; these require further study and consultation:— We acknowledge that the Committee of London Clearing Banks has in general taken a responsible line in representing retail banking but any tendency in the direction of a cartel would be moderated were full membership of the CLCB to be opened up to all substantial retail banking institutions. ● The cash distribution arrangements in England and Wales are capable of rationalisation in two respects—unification of the distribution networks and reduction in the cost of holding the stock of notes and coins. The banks should no longer have to bear the interest cost of the cash in the course of distribution from the Bank of England to the public. This change together with the rationalisation of the distribution networks, could lead to significant savings in the cost of money transmission. Any savings achieved should be applied in reducing money transmission charges.

The Commission will bear in mind the conclusions it has reached in this examination when assessing future price increases notified to it by the four major clearing banks, or applied by other banks exempt from notification.

Charges should reflect more closely the cost of the service provided and the revenue arising from deposits made by customers.

Competitive

In order to promote competition between the banks and further operating efficiency, we suggest that:

- All agreements relating to jointly negotiated tariffs and joint working arrangements should be brought before the Restrictive Practices Court as soon as possible in order that the public interest may be tested.
- The exemption from registration of the cartel agreements of the Irish Banks should be removed in relation to their operations in the United Kingdom.
- The Treasury should satisfy itself that Government departments are complying with the



Mr. Charles Williams, Commission chairman, introducing the report yesterday.

April 1978. Assets now exceed £1000 million.

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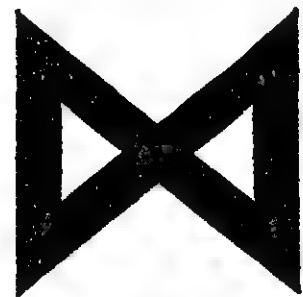
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PARLIAMENT AND POLITICS

Owen warns Patriotic Front over election outcome

Rhodesia poll boycott 'would not deter U.K. acceptance'

BY IVOR OWEN, PARLIAMENTARY STAFF

LEADERS OF the Patriotic Front were given a clear warning by Dr. David Owen, Foreign Secretary, in the Commons yesterday that if they boycott fair and free elections, Britain will not be deterred from accepting the result should it reflect approval by the people of Rhodesia as a whole, for the internal settlement.

He admitted that elections without the participation of the Patriotic Front, especially if fighting were taking place, would involve Britain in a difficult judgment. But to hold that it was impossible to submit the Salisbury agreement to an acceptability test in such circumstances would be to give the Patriotic Front a power of veto.

Dr. Owen, reporting to MPs soon after returning from Rhodesia, claimed that despite the major differences between the Patriotic Front leaders and the British Government, the Salisbury agreement, there were some hopeful signs.

These, he suggested, could widen the areas of agreement in two important ways, both of which would be of benefit to the establishment of a neutral administration for a transitional period which would be capable of holding fair and free elections.

In the first place, the Patriotic Front was now closer to accept-

ing a role for the United Nations in supervising a previously negotiated ceasefire and in monitoring the activities of the military and police forces.

There was also more understanding in Salisbury that UN involvement gave an assurance that sanctions would be lifted prior to independence.

Secondly, all would probably now agree to a council with wide executive and legislative powers whose members would hold Ministerial portfolios.

The Patriotic Front had stated that provided their other demands (some of which were unacceptable to Britain) were met, they would accept a council presided over by a resident commissioner holding reserve executive powers over defence and law and order.

Dr. Owen spelled out his warning to the Patriotic Front of the dangers of an election boycott in reply to Mr. Reginald Maudling (C, Chipping Barnet), former shadow Foreign Secretary, who called for an assurance that should fair and free elections produce a result which confirmed the Salisbury agreement, the British Government would uphold it "come hell or high water".

Dr. Owen replied: "The short answer is yes."

He added that if fair and free elections produced a result

which satisfied the Commons test without such conditions that the fifth principle — that would simply be to give a veto to the people who continued fighting.

Dr. Owen contended that most people in the Patriotic Front wanted a fair and acceptable settlement. A statement by Mr. Robert Mugabe that he would like to see Rhodesia become a one-party Marxist state was "extremely ill advised."

But advocacy of a one-party Marxist state should not of itself be a barrier to free and fair elections, since anybody who campaigned on that basis would have little support from either the black or white population in Rhodesia.

Mr. Frank Hooley (Lab, Heeley) asked: "What are the prospects of getting rid of Smith?"

Dr. Owen answered: "Not, at the moment, very high."

While acknowledging that Mr. Smith accepted that he would lose power when fair and free elections were held, the Foreign Secretary added: "I have no doubt that if, during the transitional period, he were to cease to be Premier — although he is part of the four-man council — it is how he is still described in Rhodesia — and if he were to leave public life, it would certainly lessen a lot of suspicion and hostility that exists in Africa."

Britain and the U.S. were seeking to secure a neutral administration which would hold fair and free elections without armed conflict, so that the test of acceptability could take place in the best possible conditions.

But to say that it was impossible to hold the acceptability

Thatcher pressed on unions report

By Philip Rawstone

MR. JAMES CALLAGHAN yesterday challenged Mrs. Margaret Thatcher to publish a secret report prepared for the Tory leader on the handling of any major confrontation between a future Tory Government and the unions.

Publication could avoid "any sinister implications being drawn," the Prime Minister said in the Commons.

The report, drawn up by a group of party advisers under Lord Carrington, was submitted to Mrs. Thatcher after an 18-month examination of the Heath Government's conflict with the miners in 1974.

It is understood to advise the Tory leader that a future Tory Government could not win a full-scale battle with the unions and could not use the Army to break major strikes.

Its general message was that confrontation should be avoided but that greater priority should be given to the preparation of contingency plans for dealing with civil emergencies.

In the Commons, Mr. Bryan Davies (Lab, Enfield N) said "the Tories should be devoting their efforts towards a special planning unit aimed at defeating the unions in any confrontation."

Mr. Callaghan replied: "I do not know whether their attitude is sinister or naive, or whether they do not understand the unions."

Amid laughter, Mr. Norman Tebbit (C, Chingford) suggested that the Prime Minister might share some of the expertise he had acquired in using troops to break the miners' strike.

Mr. Callaghan retorted that he would be happy to hold a seminar. "The Conservative Party tends, in dealing with the unions, to be aggressive when it should be accommodating, and to be timid when it should be bold," he said.

Mr. Denis Healey, Chancellor of the Exchequer, also called yesterday for a full public statement on the report. The Carrington committee appeared to have been trying "to organise revenge for the last Conservative Government's defeat by the miners," he said.

Mr. Moss Evans, general secretary of the Transport Workers' Union, said yesterday that the Conservatives appeared to be adopting "a negative approach" to the unions.

Mr. Thatcher said yesterday that it was unlikely that the report would be published. "The committee was set up to see if we could learn anything from the 1974 emergency," she added. And "such lessons as there are" had been learned.

A dispute also flared over the role of the Comptroller and Auditor General whom MPs consider as constitutionally responsible to Parliament and thus a key figure in the plans emerging to strengthen scrutiny of departmental spending.

The Government, in its reply, observed that the Comptroller and Auditor General should not be subject to direction from any quarter.

Mr. John Garrett, Labour MP for Norwich 5, described the Whitehall system as "perpetuating a massive class... of turning Oxfordshire historians into Crown Princesses."

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LABOUR NEWS

Court action threatened by London newsagents

BY MAX WILKINSON

LONDON NEWSAGENTS who in an attempt to restore normal future were deprived of millions of supplies.

Mr. John Shorrocks, president of the National Federation of Retail Wholesalers, told a meeting in High Court yesterday that the threat of an injunction against "our friends the wholesalers" had been issued reluctantly. But he said the wholesalers had no alternative because SOGAT, the Society of Graphical and Allied Trades, failed to produce a permanent solution to the dispute, over payments for late shifts.

Newsagents' representatives, although well intentioned, have yesterday sent a letter to the Prime Minister asking him to help end the "anarchy" which, they said, threatened the newspaper industry. They are also planning a demonstration march through Fleet Street if supplies are again disrupted.

Legal action would be taken against the wholesale employers' time without hindrance in payments.

Reville, which has a weekly circulation of over 0.5m., is published by Mirror Group Newspapers. The Mirror group said the strike — by 23 machine room workers who prevent publication of Reville this week — the third time in nine weeks that the weekly newspaper has not appeared.

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MP claims Civil Service headed with Heath over miners

BY RUPERT CORNWELL, LOBBY STAFF

THE WORSENING relations between Parliament and the Civil Service were dramatically illustrated last night as backbench MPs clashed repeatedly with a Cabinet Minister responsible for the Civil Service, Sir Ian Gilmour, in the Commons.

The disputes came at an explosive session of the Commons Expenditure Committee, which last night issued a wide-ranging report on the Civil Service.

The hearing was highlighted by an astonishing attack by a leading left-wing member of the committee on political involvement and conspiratorial secrecy in the topmost reaches of Whitehall.

The committee, chaired by Mr. Michael English, MP, was examining Lord Peart, the supposed to be apolitical. But

was anything more political than this? he asked.

He then criticised Sir Anthony Part and Sir Peter Carey, top civil servants at the industry Department, when Mr. Peart, Secretary of State there after Labour had returned to office.

The charges were coldly rejected by Sir Ian, who insisted he would never advise a Prime Minister on political matters. He strongly deprecated the charges levelled at his colleagues, and dismissed the allegation that Whitehall's Permanent Secretaries "took their tone" from the head of the Civil Service.

Despite efforts to calm proceedings, Mr. Sedgmore went on to accuse Ministers and civil servants of flouting the principle of "open government" and of holding key meetings where, on occasion, even most of the

engaged in a procedural conspiracy to prevent the 40 per cent issue being considered was dismissed by Sir Ian Gilmour, deputy chairman.

Mr. John Smith, Minister of State, Privy Council Office, promised that the Government would give careful consideration to suggestions that Ministers should make procedural arrangements to ensure that a vote could take place on the amendment.

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Penalty on fare dodgers agreed

A TORY proposal to write into the Transport Bill now going through Parliament new penalties for bus passengers going on journeys longer than those for which they had paid was accepted by the Government yesterday.

The Government, in its reply, observed that the Comptroller and Auditor General should not be subject to direction from any quarter.

Mr. John Garrett, Labour MP for Norwich 5, described the Whitehall system as "perpetuating a massive class... of turning Oxfordshire historians into Crown Princesses."

A dispute also flared over the role of the Comptroller and Auditor General whom MPs consider as constitutionally responsible to Parliament and thus a key figure in the plans emerging to strengthen scrutiny of departmental spending.

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TUC to press Chancellor for boost to economy

BY RHYS DAVID

THE TUC at its talks with Mr. Denis Healey, the Chancellor, will press the Government for a further stimulus to the economy, said Mr. Len Murray, the general secretary, in Preston, Lancs., yesterday.

Mr. Murray, opening a Government skill centre there, praised Mr. Healey's Budget, which he said had gone a long way towards meeting the TUC's recommendations on taxation, though "not nearly far enough" in terms of the boost needed.

The TUC would press for further direct job creation measures when it met Mr. Healey, "if he has other items, such as pay, to discuss, then fair enough. The problem facing us is a complex one and we know there are no simple answers, but part of the answer is greater demand and more effective use of resources."

Even at times like this we have to look to the future and create the trained labour force for the start of an industrial recovery in the economy comes. After every previous recession the subsequent recovery has found us short of craftsmen."

Mr. Murray urged trade unionists to throw their weight behind the skill-centre concept. It was understandable, he said, that some people should question whether they should accept facilities for training adults in skills at a time of high unemployment and when jobs for skilled men were scarce.

"Providing facilities for in excess of job prospects would be nonsensical, but it would equally be wrong to deny an unemployed person the opportunity to improve his or her chances of employment."

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Journalists back moves for new technology

DELEGATES from the National Union of Journalists yesterday gave a qualified go-ahead to the newspaper industry's computer-based new technology.

They rejected a move which called on journalists to oppose operating the new technology and to hand it to the print unions.

The 350 delegates at the NUJ's annual conference in Whitby Bay backed a wide-ranging motion from the Manchester branch which was based on a report by the unions' technology committee.

It gave the union its first full policy on the new methods.

It said that the NUJ was not seeking to extend journalistic work into the field of production at present covered by other unions. But its local office branches would be able to negotiate about journalists absorbing work traditionally carried out by another print union.

That, however, would only be possible if that union had agreed to extend the work.

Miss Kate Doyle, moving the Manchester motion, told delegates that the union was facing a revolution in "journalistic methods. She warned of the dangers that could be faced by newspapermen through the use of new technology by news agencies.

She said a computer could bypass vast numbers of workers. It would be possible in a new agency to put out a story which would "next see the light of day on a printing press."

She urged journalists to be cautious before agreeing to take over the use of new technology. "If we write a story, we are thinking about the facts and the story — you should not have to concentrate on your physical typing."

Miss Doyle referred to the dangers to health that might be caused by operating the new technology. "If we are producing a new drug in this country, we demand it is safe before it is put on the market," she said.

"What we want here is that employers prove it will not cause long-term damage."

Among other policy points adopted by delegates were: industrial liaison on monitoring technology proposals, no loss of jobs through natural wastage, a share in the economic benefits of journalism and a cut in hours.

Delegates also decided that a full-time office of the union should have responsibility for technology.

Toolroom men plan campaign

EIGHT THOUSAND toolroom engineers in the Coventry and Warwickshire area are starting a wages campaign which may be backed by industrial action.

The union aims to regain the position at the head of the wage league and to remove a £20 week gap in their own rates at different factories.

Shop stewards representing the toolroom men expressed hundreds of plants in the district will meet in Coventry to agree on a plan of action. Most of the men had a long reception from their employers on a request to open negotiations for a pay rise.

Claridge's says 112 staff at on strike. Some deliveries of fuel and supplies have been halted back by pickets but it was said yesterday that it is enough fuel for the foreseeable future. Menus had been on slightly restricted and the staff were working normally.

The hotel is fully booked but is not offering its normal rate of floor services.

Claridge's said yesterday that Mr. Barnett's statement was "strange and unsatisfactory because of developments in the industrial tribunal at ACAS."

Union seeks support in effort to put pressure on Claridge's

BY NICK GARNETT, LABOUR STAFF

THE general secretary of the General and Municipal Workers' Union, which is fighting for recognition at Claridge's, appealed yesterday to the TUC for maximum union pressure against the London hotel.

Mr. David Barnett also has sent letters to unions whose members deal with Claridge's and the Savoy group, to which the hotel belongs, asking them not to cross official picket lines.

Mr. Barnett said in a statement that Claridge's had exhibited "the most primitive attitudes towards industrial relations."

"It is high time employers at the hotel and catering industry moved into the 20th century. The union's members were simply seeking to negotiate decent wages."

LAMBETH CENTRAL BY-ELECTION

Jobs and homes count more than colour

BY RUPERT CORNWELL

IT IS half past ten in the morning and the politics of joy arrive in Strathleven Road, S.W.2. Like a high ceiling ice cream van, the Conservative campaign minibus sweeps around the corner. It stops and the music gives way to the traditional voice-over: "Meet

"NOW'S THE TIME TO GRAB THE BULL BY THE HORNS SO YOU DON'T END UP ON THE TAIL END."



William O'Neil + Company believes we are about to enter a new bull market that will be led by small to medium-sized growth companies. So we feel now is the time to begin buying to take maximum advantage of the coming phase.

We realize that most economists and investment firms are still pessimistic, and at best, guardedly optimistic about the direction of the market.

But back on December 5, 1976, when virtually all economists, Washington officials and the majority of investment firms were positive and optimistic about the market, we were quoted in a major article in *Business Week* as being bearish, and suggesting the sale of basic industry and senior growth stocks.

The events of the last year have proved us to be correct. And we feel confident that the events of the coming year will prove our current calculations to be equally correct.

There are a number of reasons for our bullish outlook.

Looking back at the Crash of '29.

To begin with, the stock market holocaust of 1929-32 was more severe than generally recognized. While the Dow Jones corrected from 1067 to 570, the vast cross-section of the market experienced huge losses averaging 70% to 80% as measured by broad, unweighted market indexes.

We believe this magnitude of decline most closely resembled the 1929-32 collapse which was 89%. When we look at this earlier dislocation, we see that economic and market recoveries made immediately afterwards were slow and short-lived, followed by a downward correction of less serious magnitude in 1934. That was because the serious damage had already occurred and there were no longer the excess demands in the economy or the market. Rampant speculative consumer spending and business over-extension had ceased. This downward correction was then followed by a steady upward recovery.

Looking at the current situation, we followed the 1973-1974 collapse with a short recovery period in 1975-1976. Then, as we predicted in *Business Week*, there followed a downward correction in 1977 that has extended until the present. But as in the recovery period of the early 30's, we expect this current bear market to be milder than the one in 1973-74, and to end this year.

How high will the market go?

William O'Neil + Co. believes the Dow Jones Industrials could hit 1300 over the next 36 months.

This is based on the historical precedence that bull market cycles have recovered 85% to 90% from their low points. On this basis, a low this year anywhere in the 700-736 area would yield a Dow of 1300. And from a Dow level of approximately 750, we believe the risk/reward ratio is 7 to 1 in favor of buying stocks. This is calculated on our estimates that the maximum probable downside risk is 675 (-10%), and the maximum probable upside potential is 1300 (+550 DJIA points or over 70%).

The market is currently undervalued.

Another factor that supports our stand on a new bull market is that stocks are currently cheap and, for the most part, undervalued.

As an example, in 1961 IBM sold for 80 times its annual earnings, and paid a dividend yield of less than 1% of 1%. Today, you can buy it for 12 times earnings, and get a 4.7% dividend to boot.

Furthermore, the price-earnings ratio of the Dow Industrials today is 8 times. The yield is approximately 6%. And the Dow sells below book value. These value levels have only been achieved at a few points in the last 30 years.

Finally, cash rich corporations are taking advantage of the values with large numbers of tender offers for companies.

Sources of demand in the new bull market.

We believe that there is a large potential demand for common stocks that are currently undervalued. The current conservative trend among many institutions has resulted in sizeable cash reserves which represent major potential buying power.

Similarly, individuals have invested in high yield areas that represent another large source of future demand, once interest rates decline.

Finally, foreign investors are an area of demand we expect to see in the future because the U.S. is still the strongest democratic country, and represents one of the world's soundest investment markets.

How to know when we reach the bottom.

There is still the question of when we will reach the bottom of the current bear market, and how it can be recognized. It has been the thesis of William O'Neil + Co. as expounded in a series of investment conferences given last September in New York, Boston, Chicago and San Francisco that the market would not bottom out until there was more fear. This fear would produce the necessary technical shakeout and additional pessimism.

We feel that fear has now occurred.

One index of it is the price of gold, which at near \$200 has become a highly speculative and risky commodity.

Earlier this year the non-reappointment of Arthur Burns reinforced concern for the American dollar and our balance of payments deficit in light of our dependence on foreign oil supplies. We feel the new chairman, G. William Miller, will prove to be strong, sound and innovative. And we expect to see an energy program implemented to ease fears about our balance of payments deficit. Furthermore, we think a tax cut this year is inevitable. If this cut is tied directly to an immediate reduction in price and wage increases and to reducing interest rates, it will help arrest our inflationary spiral. And this will help reaffirm confidence in the American dollar.

We feel that once confidence in the dollar is regained, it will shake loose the potential sources of

demand for stocks among institutions, foreign investors and eventually individual investors, particularly once the market passes 1100 on the Dow.

Why we say small to medium-sized growth firms will lead the next phase.

Many experts believe the bear market won't be over until secondary stocks break down. We believe this stand is similar to the one technicians took in 1976 when they predicted a third leg up to a 1200 Dow that never occurred.

We believe good secondary companies with continual increases in earnings are not going to break down, but will hold up and actually become leaders in the new bull market. We can look back to 1960 as a recent example of a recessionary year in which secondary stocks failed to break down, and subsequently provided market leadership.

We feel this will be true again in the next cycle, because in the past few cycles major institutions have concentrated heavily in the same high-priced, large capitalization, senior growth stocks that fulfilled "approved list" requirements. Today many of these companies are showing maturing or poor growth in earnings. At the same time, hundreds of smaller and medium-sized companies with innovative new products are showing outstanding growth records, and are selling at cheaper prices.

We believe that in the future more organizations, under pressure from ERISA to cover the "actuarial" requirements of their funds, will look for wider diversification and non-index stocks because these stocks will probably continue to outperform the indexes.

We can see the value in this diversification today when the S & P 500 is stronger than the Dow Jones Average. The NYSE Composite is stronger than the S & P. And the total market itself is stronger than the NYSE Composite. We can also see that the Transportation Index is stronger than the Industrials. And the OTC stocks are performing very well. The American Stock Exchange, overlooked the past few cycles, is near new highs for the year. And Barron's Low Priced Stock Index is equally powerful. Even the London Stock Exchange has displayed unusual strength, providing an advanced hint that our stock market's next major cycle will be up.

Which categories will be the leaders.

We expect to see many companies that have been overlooked since the 1973-74 credit crunch become prominent again because of their outstanding earnings records. We believe the leaders in the new bull market will be found among hospital and medical stocks, aerospace, airlines and airfreight, hotel stocks, computer peripheral companies, publishing, food franchisers, insurance companies, pollution-control companies, drug companies with new products, contact lens companies, Japanese stocks traded on our market, Canadian Oil companies, private aircraft and dozens of specialty companies with unique products.

Looking back at 1954-68.

If we look back at the bull market cycles from 1954 to 1968, we see that they were led by small to medium-sized companies that, at the time, had exciting new products to market.

1954: Reynolds and other aluminum companies with new light-weight metals. North American Aviation and the aerospace group with ICBM missiles.

1955: Schering Plough with new drugs.

1956: IBM (4 million shares then outstanding) with the computer age.

1958: MMM with scotch tape products. Polaroid with instant pictures. Rexall with tupperware. Thiokol and General Tire with rocket propellants. Texas Instruments and Fairchild Camera with transistors. Crown Cork & Seal with aerosol cans. American Photocopy with photocopy machines. AMF and Brunswick with automatic pinspotters for bowling.

1961: Great Western Financial and S&L's with higher interest for savers. Mead Johnson with Metrecal.

1963: Kresge with discount stores. Delta and Northwest Airlines with jet travel. Xerox with dry office copiers. Syntex with birth control pills.

1965: Baxter Labs with new hospital lab and test equipment. Simmonds Precision with space computers and electronics. Xira with freight containerization. Motorola and Magnavox with color TVs.

1967: Duplan with double knit fabrics. McDonalds with fast food franchising. Digital Equipment with mini-computers. Hilton, Holiday Inns and Loews with follow on effect of increased jet travel creating demand for more hotels.

1968: Champion Home Builders and Skyline with mobile homes for low cost housing.

Taking a stand on the new bull market.

At William O'Neil + Co. we believe strongly enough in the coming bull market to remove 50 companies from our Sell List. And our Research Analysts have in the last 60 days visited 40 new companies which are included in the 150 names in the buy section of our "New Stock Market Ideas and Past Leaders to Avoid".

On top of that, we recently purchased our third seat on the NYSE.

But we're also putting our mouth where our money is by running this ad and taking a strong stand on the coming bull market. So if we're wrong we stand to lose more than just money.

We still expect economic news to continue to be poor in the near future. We could continue to see disappointing automobile sales, housing slowing, etc.

But remember that the market started down when people were optimistic, and it will start back up when most people are pessimistic. The market will discount and look ahead 8 to 9 months. By the time economists decide whether or not we are in a recession, the new bull market will be underway. And the biggest profits from any bull market are usually made by those who recognize it first. So those who fail to grab the bull by the horns will wind up on the tail end.

William O'Neil + Co., Inc.

Publishers of Datagraphs Institutional Research, Member New York Stock Exchange.
11915 LaGrange Avenue, Los Angeles, California 90025, (213) 820-7011
Telex: LSA 69-6130

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SAFETY

Oxygen set for use in mine emergencies

SAFETY in coal mining operations will be considerably enhanced through the use of a new oxygen set designed by AGA Spiro in conjunction with its Swedish associate.

Escape apparatus already in use caters for all kinds of emergencies, but has proved unsuitable in a situation where there is a deficiency of oxygen and when men may have to run at maximum speed to escape from an unbreathable atmosphere.

The Mines Rescue Service of the NCB decided to install at strategic rescue stations apparatus which, in the event of an emergency, would enable the wearer to move from an irrespirable atmosphere to one of safety with maximum speed and a minimum of personal risk attributable to increased respiratory demands.

To provide apparatus which would meet new standards in terms of size and performance, the Mines Rescue Service conducted a feasibility study involving a number of companies. Desirable parameters of the new apparatus were to include lightness and simplicity of design, the latter requirement being of crucial importance to facilitate use of the equipment with a minimum of training. The overriding prerequisite, however, was that the equipment had to be of the self-contained type capable of providing sufficient oxygen at all times and at an acceptable level of inspired air temperature. The apparatus would also have to pass the rigid endurance requirements specified by the Health and Safety Executive.

Fast design

Within six months, AGA Spiro submitted a prototype mine escape set for the appraisal of the National Coal Board. A series of proving trials subsequently took place at the Mines Rescue Station in Doncaster to determine whether or not the apparatus would pass the Health and Safety Executive's endurance tests. It was shown that the high-performance demand valve ensured the automatic release of oxygen in the event of increased respiratory activity, supplementing the constant flow of oxygen

from the regulator. The wearer can draw very high flows of oxygen immediately the cylinder valve is opened and still get the 30 minutes duration required. Wearer trials have taken place at Cynheidre, South Wales, to assess both performance of the escape set and the attitudes of miners wearing the equipment in a simulated working environment. Men were subjected to peak work load characteristics and then requested to run at maximum speed to an assumed place of safety. They were then given an intensive medical check-up to determine respiratory effects and to locate any physical or other abnormality as a result of wearing the set. Having reconciled these results with the wearer's observations on comfort and ease of breathing, it remained only for minor modifications to be made to meet the exceptionally high standards of safety demanded by the National Coal Board and to implement delivery of an initial 450 mine escape sets.

The constant flow of oxygen is directed into the demand valve which is connected to the exhalation bag at which point demand supply is also available. The relief valve is placed low down on the breathing bag to enable the apparatus to be used under water. The oxygen cylinder is placed below the breathing bag and fitted with a pressure gauge.

AGA Spiro, Divisor House, Horton Close, West Drayton, Middlesex UB7 8EB. West Drayton 47711.

Lightweight

With lightness and simplicity of use as major design characteristics, the AGA Spiro mine escape set, with the oxygen cylinder fully charged, weighs only 6.5 kg. Having a protective case assembly of anti-static glass fibre-reinforced plastic, the overall dimensions of the set are 430 mm in length, 360 mm in width and 110 mm in depth. The breathing circuit functions through a mouthpiece which holds inhalation and exhalation non-return valves. Exhaled gas passes through the breathing tube into the exhalation bag. It is then drawn by inhalation through a soda lime filter media into the inhalation bag and delivered cooled to the mouthpiece. The constant flow of oxygen is directed into the demand valve which is connected to the exhalation bag at which point demand supply is also available. The relief valve is placed low down on the breathing bag to enable the apparatus to be used under water. The oxygen cylinder is placed below the breathing bag and fitted with a pressure gauge.

AGA Spiro, Divisor House, Horton Close, West Drayton, Middlesex UB7 8EB. West Drayton 47711.

PACKAGING

Wraps from turntable

THE OPENING of a new factory in Hayes, north west London, coincides with Impac Automation's introduction of its COLT shrink wrap machine.

Handling loads up to 2,500 kilos in weight, two metres high and 1.5 metres square, the machine operates on the spiral wrap principle which allows any size and shape of pallet load to be secured and allows several wraps to be applied to areas of the load requiring extra stability. Fitted with a round turntable, the machine can be installed flush to the floor for hand pallet truck loading.

The new factory will also be the venue for the production and demonstration of the company's Palletmaster range of pallet stretch wrapping machines and provides ample room for prospective customers to bring lorry loads of their products for wrapping.

More from them at Uxbridge Road, Southall, Middx. 01-574 3873.

MATERIALS

Hot metals coated

ANTI-CORROSION coatings which can be applied directly on to hot metal exteriors of plant while it is still in operation are to be introduced into the U.K. by the Dampney Company, Everett, Massachusetts, U.S.A.

The heat-resistant coatings—the Thermox 250 series—are claimed to provide pin-hole free films when sprayed on surfaces as hot as 300 degrees F. The coatings can be applied to surfaces at ambient as well as elevated temperatures, curing as the equipment begins or resumes operation and would thus be curing temperature range 270 degrees F to 300 degrees F. When applied at ambient temperatures they air-dry to touch within a few hours and can withstand normal contact of personnel and equipment indefinitely until heat-curing takes place. The coatings are stated to be based on a co-polymerised silicone resin, contain a high level of inhibitive pigment and to be self-priming and highly resistant to creeping under-film corrosion with an unusual property retention of gloss and colour to 500 degrees F.

U.K. agent and distributor is Tinsworth Engineering, 3 Church Hill Avenue, Mansfield Woodhouse, Notts. NG19 8JU (0623 640898).

AUTOMATION

Electronic coin change unit

DELIVERIES of a custom-designed integrated circuit are being made by AMI Microsystems to Mars Money Systems for incorporation in what is believed to be the first universal all-electronic coin changing system for vending machines.

This circuit was designed by AMI in conjunction with engineers from Mars, which has been working on electronics in vending units for several years. Containing thousands of transistors, the AMI 40-pin MOS circuit incorporates its own microprocessor to keep track of the money calculations and a programmable ROM which allows adaptation of the unit to any monetary system.

The system adapts to multi-price machines and the circuit can be programmed in the factory for any combination of up to 63 prices.

When the customer makes a selection, a binary-coded signal is generated which indicates to

the MOS circuit the price of the selection. Additionally, the circuit credits and accumulates the coins deposited, compares this with the price set for the selected item, and signals the vending mechanism when the appropriate deposits are made.

If the coin return tubes to make the necessary change are empty, as indicated by a sensor connected to the circuit, the logic will calculate whether the correct change can be produced with available coins. If not, the sale is not made, coins are returned, and an "Exact Change" indicator is lit.

The coin mechanism will have virtually no moving parts and will completely eliminate the rills, angles, switches, defectors, motors, cams, flippers, and magnets used in conventional vending machine coin changers.

The changer has electronic coin validation, employing a unique set of three sensing stations wired to the AMI circuit, which determines whether or not

the coin is good. The coin validation mechanism is self-calibrating.

The sensing stations consist of three coil-like inductors embedded in the coin passage walls. By detecting the three-coil differences, the coils' thickness and embossing depth, diameter and composition can be detected. As the coin passes in front of the sensor a frequency shift occurs proportional to the coin's shape and size. The AMI circuit receives this frequency shift information, which usually ranges from 10 to 100 KHz, compares it with stored tolerances and determines validity.

Although other companies have already produced coin changers using a rotating rotary coin return positions are also used, the Mars Money Systems all-electronic system represents an important step in the vending machine industry.

More from AMI Microsystems, 108A, Commercial Road, Swindon, Wilts. 0783 31345.

ELECTRONICS

Small items counted accurately

ACCURATE counting of components is an essential operation in many electronic production processes.

Elite Engineering, maker of component preforming machines and printed circuit board assembly machines, has found a

solution to the problem of counting batches of components based on the use of an ultra-sensitive weighing machine.

This machine rapidly senses the unit weight of the components to be counted and displays a numerical count of the batch size.

Although aimed at the electronic component field, the machine could be just as useful in many other areas where accurate counting of batches of small items is required.

Elite Engineering, Saltburn Lane, Fareham, Hants. 0238 231455.

POWER

Major study of energy sources

THE SRI report, prepared for the solar working group of DOE as an aid in deciding how solar energy research and development should be allocated, made projections for the near term (1985), intermediate (2000), and the long term (2020).

The relative merits of the seven technologies were judged not only on the amount of energy they might produce, but also on environmental qualities, conservation of oil and gas, potential contribution under adverse conditions of energy supply and price, potential for significant research and development breakthroughs, potential for small-scale decentralised systems, and prospects for export.

In the near and intermediate term, highest benefits are from solar heating and cooling of buildings. In the long term, solar heating is surpassed in

benefits only by wind, among the technologies considered. This technology is attractive primarily because of its economics. Greatest need in the near term is to create a viable commercial market. The most serious research need is for reducing the installed cost of collectors. Solar cooling is still a long way from commercialisation.

Conversion of such residues as those from crops, forests, and farming has high benefits in the near term because of its potential energy contribution. However, total contribution will be limited by the quantities available and competing demands for other purposes.

Devices that convert light directly to electricity are currently very expensive, but have promise over the long run in providing power. They are likely to be dispersed on rooftops and connected to a central electrical grid. The most important research needs are in new materials and less expensive fabrication processes.

Systems that convert the sun's rays to heat and convert the heat to electricity would make significant contributions only under conditions of high conventional energy costs. Prospects are not considered bright for major cost reduction in thermal power processes.

Ocean thermal energy conversion uses the temperature variation between warm surface waters and cold deep waters to generate electric power. Its rank moves up in the intermediate and long term because, under conditions of high non-solar energy prices, it could become a large source of energy. It is unique among the options examined in its ability to provide baseload electricity. Development is made difficult by the high initial cost of large heat exchangers and by uncertain reliability in the marine environment.

SRI International, 333 Ravenswood Avenue, Menlo Park, Cal. 94025, U.S.A.

POLLUTION

Destruction of problem waste

ASSIGNED the Davy-Powell's company's patents on solid-bed incineration technology in 1976, Sterile Disposal Plant is carrying out trials for a number of major EEC chemical companies to prove the ability of the SDP fluidised bed to cope with some of the most difficult industrial wastes. Many of these have not been subjected to thermal destruction before.

As its name suggests, the SDP bed subjects the materials being fed in to an intense rotary action apart from the constant agitation imposed by the current of fluidising air which keeps the bed in suspension. It follows that, when light materials, such as the paper and plastics normally making up part of municipal wastes, are fed into the bed, they do not become entrained with the combustion gases before they can be burned.

The SDP bed does not contain heat extraction pipework—heat is recovered from the flue gases in the second step of the process. Thereafter a number of gas scrubbers, with chemical solutions selected according to the waste being burned, are interposed before discharge of a non-toxic and

inoffensive exhaust gas to the atmosphere. The operation is self-sustaining for materials having calorific value of around 2,000 BTU per lb. Below that, fuel is injected to keep the process going—propane being the indicated hydrocarbon.

The list of materials which can be thermally destroyed includes vehicle tyres (project under way), acrylonitrile, waste cyanide-bearing wastes from various process streams and tetra-ethyl lead sludge among others.

More than 100,000 tonnes in operation on low-grade coal and colliery wastes, as well as sewage. The pilot plant was established at Aycliffe, Durham in 1972, followed by a larger unit at Wingate, Durham the year after.

Licences have been granted by SDP to Itoh and Co. and Ebara Manufacturing of Japan, and to Svenska Maskineri AB, Sweden.

More from Technical Design International, which negotiates on behalf of SDP, at 5 Beach Grove, Harrogate HG3 6JH.

INSTRUMENTS

Sensitive searcher

INTENDED for the detection of unexploded ammunition, pipelines, cable junction boxes and shipwrecks, the Verex 4021 search instrument from Wells Krautkramer will operate under water to a depth of 100 metres.

According to the company, it can be mounted on the front of a miniature submarine to follow the run of a pipeline or buried cable. Applications might also arise after an avalanche, earthquake or flooding.

Operation by pin-pointing disturbances of the earth's magnetic field caused by the presence of ferromagnetic objects, it indicates a "hot" by meter scale or loudspeaker/earpiece, and has an output for a recorder.

The search probe can be assembled as an integral part of the hand-held instrument, or used with a connecting cable for remote operation or buried cable. Able to detect a tennisball sized piece of steel at about one metre, the unit weighs 4.5 kg.

More from Blackhawk Road, Leitchworth, Herts. SG8 1BP (0428 2644).

HAND TOOLS

Screws handled easily

VARIABLE speed control, direction reversal and pre-set torque are features of the new electric screwdriver—called the DMS1 Electrodriver—made by Klippon Electricals, Sheerness, Kent ME12 5AB (07956 3323).

Suggested for production line quired.

HEATING

Warm rays from above

A CEILING-MOUNTED radiant heater developed in Norway and put on the Scandinavian market a year ago is offered in the U.K. by Karmant, 34, Hanbury Street, London, E2 6BB (01-247 7652).

Basic features of the heater are aluminium heating panels radiating low-frequency heating waves, resulting in a short warming up time and high efficiency even at considerable distances. Highest level of installation so far, for example, is 40 feet from the floor with claims the company, excellent results.

Energy saving, qualities are achieved because the heat is radiated down and warms up the occupants rather than the air. Convection brings the air to higher levels, and a given level of comfort can be achieved at a lower air temperature as a result of the radiant effect, than would be the case in convection heating.



CONTRACTS AND TENDERS

Intervention Board for Agricultural Produce FOOD AID

Tenders are invited for the supply and delivery CIF from any EEC port of 7,200 tonnes wheat flour bagged in new or good quality secondhand double tube bags. Each outer bag shall be marked "Food Aid Gift of the United Kingdom." The wheat flour is destined as United Kingdom National Food Aid to Sri Lanka and delivery to Colombo must be completed by 31 July 1978.

The allowance for the supply and transportation costs of the wheat flour will be determined on examination of the tenders. Delivery terms embodied in the Notice of Invitation to Tender together with tendering forms may be obtained from Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading. (Tel: Reading 883620).

Tenders must be supplied by 12 noon on 28 April 1978 to: Home Grown Cereals Authority, Hamlyn House, Highgate Hill, London N19 5PB.

Intervention Board for Agricultural Produce FOOD AID

Tenders are invited for the immediate supply and delivery CIF, from any EEC port of 10,000 tonnes of common wheat to be supplied in bulk as United Kingdom Food Aid to the Government of Mozambique. The wheat is to be loaded in one ship and delivered to the port of Beira.

The allowance for the supply and transportation costs of the grain will be determined on examination of the tenders. Delivery terms embodied in a Notice of Invitation to Tender together with tendering forms may be obtained from Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading. (Tel: Reading 883620).

Tenders must be supplied by 12 noon on 28th April 1978 to: Home Grown Cereals Authority, Hamlyn House, Highgate Hill, London N19 5PB.

LANCASHIRE COUNTY COUNCIL BANKING ARRANGEMENTS

Bankers are invited to quote terms for the operation of the County Council's bank accounts from 1 April 1979. Particulars of the nature and approximate volume of the business to be transacted, together with other relevant information, may be obtained from the County Treasurer, P.O. Box 100, County Hall, Preston, PR1 0LD. All enquiries will be dealt with in strict confidence.

CLUBS

KEY: 189, Regent Street, 734 0357. A is a private club. B is a public house. C is a club of Johnnie Havinworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPPER, FLOORSIDE, 100, Dean Street, London, W.1. Show at 10.15 and 1.15. Main: 77. Closed Saturdays. 01-427 6825.

MOTOR CARS

FOR SALE, SAAB 96, 1975. Red. 48,000 miles. One owner. Regularly serviced. New clutch. Fitted with bar and straps. £1,050. 01-876 5331.

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LEGAL NOTICES

No. 00118 of 1978
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was presented to the said Court on the 11th day of April 1978, pursuant to the said Act 1948, by the COMMISSIONERS OF CUSTOMS AND EXCISE at Kings, Beam House, 20-41, Mark Lane, London EC3R 7BE, and that the said Petition is directed to be heard before the Registrar of the High Court of Justice, Strand, London WC2A 2LL, on the 8th day of May 1978, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charges for the same.

G. F. GLOAR,
Kings Beam House,
20-41, Mark Lane,
London EC3R 7BE.
Solicitor to the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the undersigned, on or before the 4th day of May 1978, a written statement of his intention to do so. The notice must state the name and address of the person, if a firm, the name and address of the person, if an individual, who is to appear on the said Petition, and must be signed by the person or firm, or his or her solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the undersigned on or before the 4th day of May 1978, in the afternoon of the 4th day of May 1978.

No. 00119 of 1978
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was presented to the said Court on the 11th day of April 1978, pursuant to the said Act 1948, by the COMMISSIONERS OF CUSTOMS AND EXCISE at Kings, Beam House, 20-41, Mark Lane, London EC3R 7BE, and that the said Petition is directed to be heard before the Registrar of the High Court of Justice, Strand, London WC2A 2LL, on the 8th day of May 1978, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charges for the same.

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APPOINTMENTS

INSTITUTIONAL INVESTMENT SALES

William O'Neill & Co., Incorporated
Creators of the Datagraph Institutional Investment Research Product Line is introducing a number of new fundamental, economic and technical analysis and would like to expand its institutional marketing into the United Kingdom and Europe. If you have extensive knowledge of institutional investment and have institutional experience and contacts and would be willing to relocate to our Los Angeles office, please send your resume and references to: Mrs. Mary Thomas, Vice-President.

WILLIAM O'NEIL & CO., INCORPORATED.
Member New York Stock Exchange.
1195 La Grange Avenue,
Los Angeles, California 90028 U.S.A.

APPOINTMENTS WANTED

Financial Accountant

seeks appointment with international company age 40, fluent Italian, English, French, experience in various analysis, reporting, budgeting, planning, investment, etc. Write Box F1006, Financial Times, 10 Cannon Street, EC4P 4DF.

PUBLIC NOTICES

BATH CITY COUNCIL

£379,000 bills issued 19.4.78 at 6 1/2% to mature 19.7.79. Total outstanding £379,000.

METROPOLITAN BOROUGH OF WOLVERHAMPTON

£4,500,000 bills issued 19th April 1978 at 6 1/2% to mature 19.7.79. Total outstanding £4,500,000.

CITY OF DUNDEE DISTRICT COUNCIL

£1,200,000 bills issued 19.4.78 at 6 1/2% to mature 19.7.79. Total outstanding £1,200,000.

GREYSBOROUGH COUNCIL

£500,000 bills issued 19.4.78 at 6 1/2% to mature 19.7.79. Total outstanding £500,000.

MID BEDFORDSHIRE DISTRICT COUNCIL

£240,000 bills issued 19 April 1978 at 6 1/2% to mature 19.7.79. Total outstanding £240,000.

WALSALL METROPOLITAN DISTRICT COUNCIL

£4,500,000 bills issued 19th April 1978 at 6 1/2% to mature 19.7.79. Total outstanding £4,500,000.

MALL ART GALLERY, The Mall, S.W.1.

Richard Walker, 10-11, Until April 22. LUCY LAMLEY, 24, Davies St. W.1. Until May 1. TISSOT, 24, Davies St. W.1. Until May 1.

J. P. & FINE ART, 24, Davies St. W.1. Until May 1. GOWCHES, 1919-1953. Until 28 April. Walsall, 1919-1953. Until 28 April.

CONTEMPORARY GALLERY LTD., "The Troop," 10, Davies St. W.1. Until May 1. "Africa," 10, Davies St. W.1. Until May 1.

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10-11, Until April 22. 10-11, Until April 22.

BOND DRAWINGS

STATE LOAN OF THE KINGDOM OF GREAT BRITAIN
7 1/2% (now 11.25%) STERLING BONDS 1984

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above kind took place on 12th April 1978, at the offices of Messrs. KPMG Peat Marwick Main & Co., 15, Abchurch Lane, London EC4N 3DF, and the following bonds, which have been selected by ballot, are hereby offered for redemption at 105% on 1st May 1978, and at 105% on 1st May 1979, and at 105% on 1st May 1980, and at 105% on 1st May 1981, and at 105% on 1st May 1982, and at 105% on 1st May 1983, and at 105% on 1st May 1984, and at 105% on 1st May 1985, and at 105% on 1st May 1986, and at 105% on 1st May 1987, and at 105% on 1st May 1988, and at 105% on 1st May 1989, and at 105% on 1st May 1990, and at 105% on 1st May 1991, and at 105% on 1st May 1992, and at 105% on 1st May 1993, and at 105% on 1st May 1994, and at 105% on 1st May 1995, and at 105% on 1st May 1996, and at 105% on 1st May 1997, and at 105% on 1st May 1998, and at 105% on 1st May 1999, and at 105% on 1st May 2000, and at 105% on 1st May 2001, and at 105% on 1st May 2002, and at 1

The Management Page

EDITED BY CHRISTOPHER LORENZ

A novel way to spawn new ventures

BY MAX WILKINSON

LEONARD WHO believes that the spirit of an entrepreneur must be frozen by the British business climate, should talk to J. H. Hartnett, managing director of a remarkable young company called Eurotherm which plans to go public later this year.

The idea that you cannot start up a successful business in the U.K. is rubbish. We have done it, and it is open to others to do the same," he says. Thirteen years ago Dr. Leonard was the employee of an American owned company selling temperature control units for industrial processes in Britain. Now he is running his own company, which has become the world leader in this somewhat specialist field and has beaten his former employers into second place.

Eurotherm started in May 1965 in a converted stable near Woking, with a capital of £16,000 and four clever engineers. Last year it achieved a profit of £2m, on a turnover of £12m, with 855 employees and 14 subsidiaries throughout the world. About 70 per cent of its sales come from exports.

One reason for the decision to go public is that the chairman, Mr. J. H. Hartnett, one of the four founders of the company and who put up much of the original capital, is nearing retirement, and would therefore like to realise some of his investment. Of the 56 shareholders in the company about half are employees thanks to the policy of issuing shares to senior executives, so as to reinforce their commitment. Mr. Hartnett now holds just over 30 per cent of the issued share capital.

Eurotherm's decision to go public comes at a key stage in its development—from a small company into medium size, with

all the attendant management risks which growth involves.

Since it cannot expand indefinitely with a narrow product range (the world market for temperature control units is only £150m.), it has been forced to diversify—a process which inevitably could have threatened the informality of its management style, which is considered within the company to have been one of its main strengths so far.

It has solved the problem in an original way by allowing new product companies to break off from the parent group and seek their own fortunes, almost in the same way as the original group did when it established Eurotherm.

Dr. Leonard says the new offshoots have been largely taken on by groups of engineers who thought up a new product or group of products. They have been made almost entirely responsible for their own manufacturing, purchasing and marketing, although the main Board authorises each venture and retains ultimate control.

Three new companies have been formed. As if to emphasise their independence, they have all been called after the name of their founders. They are: Chessell Ltd., which makes temperature recorders, Turnbull Control Systems, which makes instrumentation systems, and Shackleton Systems Drives, which makes speed controllers for electric motors.



Some of the brains behind the products that have made Eurotherm a success—from left to right—G. Witherington, J. Shackleton, J. H. Hartnett (chairman), R. Chessell, Dr. G. Turnbull and Dr. G. Roberts.

All these new companies are advised the customer how their U.S., when they realised the potential use of the transistor in temperature control equipment.

Dr. Leonard says: "All our salesmen are autonomous. They have their own list prices and they are free to make their own decisions on selling without referring to head office. Often it is only by getting into a conversation about general engineering that they can make a sale."

As with most new companies of this type, Eurotherm grew out of a good technical idea. Back in 1965, Dr. Leonard and three colleagues, including Mr. J. H. Hartnett, Eurotherm's present chairman, were working at a sort of consultant to

the customers they were aiming at were big companies like Tarmac and ICI. It looked like a risky undertaking. But apparently they had few misgivings.

"We knew from the start that we would succeed," Dr. Leonard says. "We knew the business. We knew the market. We knew that we had a good product and we were very enthusiastic."

From an early stage, the company was self-financing. Since manufacture of this type of device is an assembly operation, no large capital equipment was needed. All the components were bought in, so that most of the initial capital cost was for test equipment and jigs for mouldings.

The reason for setting up Eurotherm as an almost independent company was, in Dr. Leonard's words: "We saw that Eurotherm was successful, and we decided to do the same again. We wanted to get a

small group of enthusiastic people together, who would have the responsibility for the whole thing."

The starting cost of about £50,000 was met by a loan from the parent company, the main part of which was paying the salaries of four people for about six months at the planning stage. After that, sales built up to cover the costs.

The next company to be formed was Shackleton, which is now approaching its first £1m. sales. The newest company of all is Turnbull Control Systems, which is in its early stages, with a staff of 92. This company is entering the more ambitious field of supplying fully integrated turn-key systems of instrumentation. In the second year of operation it achieved a turnover of £2m., 70 per cent of it earned overseas, and is planning on £30m. turnover in ten years' time.

During this build-up, great attention was paid to hiring the right sort of people. Dr. Leonard and his colleagues are engineers who like others to "talk the same language." Consequently the company has a high proportion of graduates on its payroll, and a strong bias towards independent-minded people who want to make their own way.

The first new company to spin off from the main enterprise was Chessell, founded by Mr. Brian Chessell in 1972. It set out to make temperature chart recorders starting with a relatively simple but successful instrument, which offered three recording pens in place of the one of their competitors. Recently the company moved up-market with a more sophisticated machine. After five years, Chessell has reached a turnover of £3m. on much the same pattern as Eurotherm, but at a faster rate.

With this milestone still some way off, for the time being Eurotherm is likely to continue to exploit the successful formula of hiring good engineers and giving them the maximum possible freedom to do their own thing.

Progress in all these areas is seen by Commission officials as establishing the right base for a bigger leap at the appropriate time. Member states place emphasis on differing points—the U.K., for example, believes that coordination of growth policies is most important and that efforts to stabilise currencies purely in an EEC context are misplaced, when what matters most is the position of the dollar.

Nevertheless, the drive towards EMU has been given impetus by Chancellor Schmidt's sympathetic attitude towards calls for a wider zone of currency stability within Europe, involving a partial pooling of reserves.

There is still, of course, a long way to go before agreement is reached on even these suggestions, which are in themselves some way short of EMU. But they are a test of member states', notably the U.K.'s, willingness to move the EEC forward.

EMU—searching for a great leap forward

After Roy Jenkins' speech on Monday, Peter Riddell takes a fresh look at the debate on Economic Monetary Union

following a campaign launched last October by Roy Jenkins, the President of the Commission. His drive to win acceptance for the idea of EMU initially received a reception ranging from cool, from some of his fellow Commissioners, to hostile from certain finance ministers, notably Denis Healey, the Chancellor of the Exchequer. Mr. Jenkins has made a series of almost weekly speeches, and his Monday views appeared to be making some headway at the summit of EEC heads of government in Copenhagen earlier this month. countries made it more rather

than less necessary to achieve EMU. He said this would involve a new central European authority to manage the proposed common exchange rate of the EEC, external reserves and the main lines of internal monetary policy, together with a more redistributive budget within the regions of the Community. He recognised that better co-ordination was important but argued that a leap forward to EMU was a necessary condition for an improvement in economic performance: this could not be achieved through the conventional economic policies of individual member governments.

In practice this drive has involved a two tier exercise — reconciling the fundamentalist debate with advances on specific points, which has become known in the jargon as tunnelling forward and tunnelling back.

At one level, there has been Mr. Jenkins' personal campaign throughout the Community, which is intended to prepare

and persuade public and political opinion. The supporters of EMU recognise that its achievement involves a considerable leap of imagination for politicians and officials in member States, but they argue that pressing the case now will reduce the credibility gap.

At another level, Mr. Jenkins' campaign is linked with broadening the base of common action on a number of monetary and economic fronts, in order to make the eventual leap—both in the imagination and in action—less prodigious. This involves operating on several time horizons and making the specific current problems relevant to the longer-term goal.

The immediate moves — the tunnelling forward — are concentrated in five areas.

1—Co-ordination of demand management, as reflected in efforts to agree on joint action to boost growth rates.

2—Internal moves to reduce fluctuations of member States' currencies.

3—Co-ordination of the EEC approaches with the rest of the world on demand management, foreign exchange market co-operation with the U.S., and trade relations with Japan and developing countries.

4—Co-ordination of public finance strategies involving increased loan facilities and regional aid.

5—Industrial policy, for example, on the rationalisation of the steel industry.

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The wrong kind of control

BY COLIN JONES

THE RECENT White Paper on the nationalised industries has been overshadowed by other events including not least the Budget. But it is unlikely to pass into oblivion for the simple reason that it heralded a fundamental change in approach to the control of these industries and the alternative it outlined seems likely to have as disastrous consequences as before.

The idea that governments should stand back from these industries and operate an "arms length" relationship, which was first promulgated by Herbert Morrison and has ever since been honoured in the breach rather than the observance, has been formally interred. Instead, relations between the two are to become even closer. The White Paper recognises the central problem as always being that of reconciling Ministerial involvement with the maximum possible freedom for the boards to manage their industries, and proposes three main ways of resolving it.

First, new procedures are to be evolved for discussing the industries' corporate plans with a view to making them the focal point of the relationship between each board and its sponsoring department and the basis for agreeing longer-term objectives. If a Minister should subsequently want the board to do something else—such as order an unnecessary power station—and the board chooses not to co-operate, then he would have to issue a specific direction which would mean going to Parliament and publishing an estimate of what the intervention could cost.

Secondly, as much information as is commercially prudent about the boards' plans and objectives, their financial and performance targets, including any "sectoral or social aims," is to be published in their annual reports. Finally, an attempt is to be made to involve other interest groups, such as employees and consumers, in the formulation of policies, either by board membership (which might also be extended to civil servants) or by improved consultative arrangements.

Basic flaws

This approach can at least be said to have the merit of being logical. The nationalised industries' role in the economy is too sensitive, their market power as suppliers, employers or customers, and their appetite for capital finance is too considerable, and the absence of the disciplines which operate in the private sector is too fundamental to expect Ministers to refrain

IF YOU want to see a wild garden nowadays, you would be drawn, first of all, to a garden on acid soil, to the Savill Gardens in Windsor Park, to the valley and terraces at Bodnant, or to Wakehurst, home of such superb autumn colour. Yet the fashion for wild gardening began by a different route. Its classic text, by the William Robinson whom I mentioned last week, had about nothing to say in 1870, about scabiosa or camellias, Pieris and Lilacs. It is an intriguing example of a taste being overtaken by a wider market, opened and exploited quite independently.

Robinson's first sort of Wild Garden was largely a wild garden which was planted with native flowers with the plants which he praised under their plain English names. Clematis became the Maiden's Bower. Aubretia was Blue Rock Cress. The first edition was well received as a plea for nature's unsophisticated flowers. They were to be gathered in the countries of known civilisations, Europe, Greece, Britain and Canada. There were hints of other civilisations, but these were dark and exotic places, dangerously Third World. How could a Monkey Puzzle ever look

right in England if it came from the sort of South American setting where snakes and savages were menacing from trees? While the public were sending this plea for natural gardening through ten editions in 20 years, other men had been going about their business from quite another source. Plant collectors had widened man's awareness of the flora of America and the East. There began that happy conjunction of new plants and lavish patronage by new rich businessmen. Between them, they laid the bones of many of the wild gardens to which our National Trust now draws the crowds.

When I watch the impact of a certain Mr. G. F. Wilson on the various editions of Robinson's book, I can only help wondering what adventurous Mr. Robinson may have in store for gardening correspondents of the future. For the picture of a wild garden had to change rather sharply as the men of affairs sent the author word of their results. Mr. G. F. Wilson had made a million pounds in candles. I can see him, his wife and his children, for he took up gardening in the familiar mood of a man who thought he would soon show

garden in which "lilies could be counted by the thousands," not least the "many thousands" of the *Lilium auratum*, the golden-rayed Lily of Japan. One feels, at times, that he ought to have written the book himself. He had chosen blue and white willow Gentians (*G. Asclepiades*) and massed them by the hundreds: owners of banks, bare slopes beside a drive or clearings in a woodland walk are still too shy of this fine late summer flower. Rhododendrons "grew so freely that he planted an acre with seedlings which were crowded

first their parents." Robinson, at first, had mentioned Rhododendrons only once, as a shrub with lilies. Wilson had sent stems of the American Swamp Lily, *Lilium superbum*, which were 11 feet high. His choice of lilies for clearings in light shade could not be bettered: wild gardeners on acid Home Counties' soil; Maragons, Tiger

He keeps returning to the easy virtues of Solomon's Seal, to the spring blue flowers of the perennial blue Brunnera, the so-called forget-me-not, *Virginia Creeper*, he remarks, has been seen to look lovely through the branches of a Weeping Willow: who ever tries this nowadays? There are Primroses, after all, many more forms of mock orange blossom than when he wrote, a better sort of Viburnum (a horizontal *Lanarth*) and a host of the big single-flowered shrub-roses (the doubles, he would have felt, were too "unnatural"). I know of no alder-leafed garden which has only used the many possible spring bulbs, the Alliums and crocuses, Anemones, and the purple Med. terranensis Gladioli.

On all this, Robinson still has more to say than most authors since, in a way which makes one want to give it a go, Azaleas are all very well and sometimes, he might have explained, they become "unnatural" in a garden's air of being wild. In wild gardens, as elsewhere, there is still not a little to be learnt by going back to the roots and starting with the view from which it all began.

GARDENS TO-DAY

BY ROBIN LANE FOX

Spring in Deepsea to keep the fillies in front

WITH SEVEN opting out of the Tote free handicap at the final declaration stage, just 12 are due to line up for this seven-furlong prize in which Spring in Deepsea will be trying to become the second filly to win in two years.

Twelve months ago the subsequent 1,000 Guineas heroine, Mrs. McArdy, justified joint favouritism at 5-1 and this afternoon Spring in Deepsea, one of three Liza Cuman 1,000 Guineas hopes, is certain to be market leader and at considerably shorter odds than the northern filly.

The winner of a maiden event at Newbury last September on the disqualification of Salacia, Spring in Deepsea, an attractive brown filly by Captain's Gig out of the Yorkshire Oaks third Arawak made no mistake at the lead a quarter of a mile from home for the second 1,000 Guineas race, Spring in Deepsea raced away from the opposition to put 12 lengths between herself and her pursuers who were headed by Miss Kildare and Nesting.

Although it is doubtful whether the two placed fillies at that event are better than second-class handicappers, the manner of Spring in Deepsea's success suggests that she can be little, if anything, behind the best of her age and sex over seven furlongs to a mile. If this is the case, she surely will take a great deal of beating here off Set 1lb.

I take her to underline her young trainer's strong hand in the 1,000 Guineas with a clear-cut victory over Skyliner, who runs in preference to three other Ryan Price-trained entries: Wabed, Caven Hill and Nelbi. Willie Carson, who was originally booked for Spring in Deepsea but who now partners Her Presumptive in the Tote race, could have better luck half an hour later when he partners that remarkable old eight-year-old Boldboy in the Ladbrokes-sponsored Abernethy Stakes.

This specialist sprinter bids for his fifth victory over this six-furlong course and distance this afternoon.

NEWMARKET

2.00—Truly Best
2.30—Bill's Yankee
3.00—Spring in Deepsea***
3.30—Goldbug
4.05—Gunner B
4.35—Probable

can be used to preserve Scotland's historic houses and the part that historic houses can play in sustaining the growth of tourism," Lord Mansfield added. The Scottish Tourist Board, one of the sponsors, said that action which might be discussed included joint marketing schemes by owners and shops and craft centres at historic properties.

Stately homes marketing drive

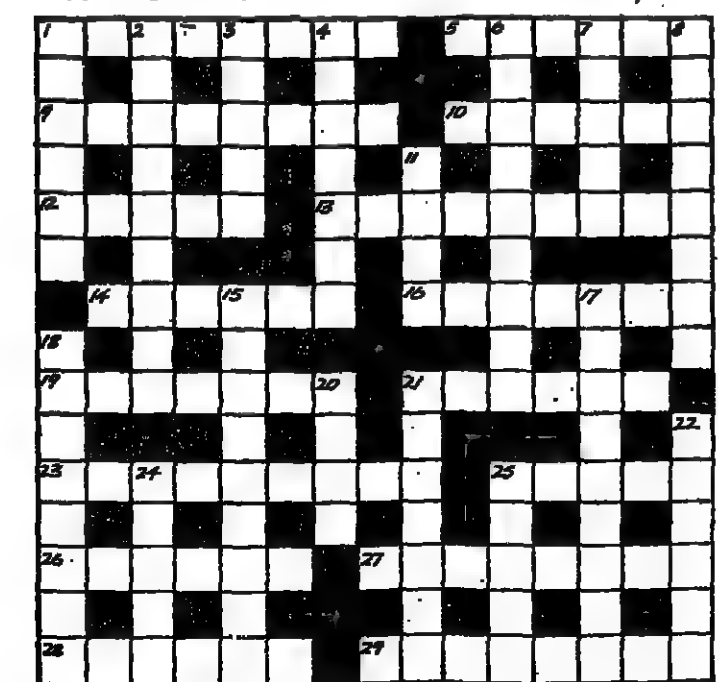
"VIGOROUS and concerted action is needed if Scotland's historic houses are to survive in a form that does justice to them and Scotland," the Earl of Mansfield, owner of Scoss Palace, Perthshire, said yesterday. Lord Mansfield, chairman of the Historic Houses Association for Scotland, was speaking on the eve of a conference of Scot-

ish stately home owners to be held at Baskelby, near Perth, tomorrow. The conference will discuss the economic and marketing problems of spending houses to the public and ways in which they can take advantage of Scotland's tourism potential. "We shall be looking at ways in which income from tourism

TV/Radio

† Indicates programme in black and white.
BBC 1
6.40-7.55 a.m. Open University.
9.55 For Schools, Colleges, 10.45 You and Me, 11.00 For News, 1.00 Pebble Mill, 1.45 Bappusa, 2.31 For Schools, Colleges, 2.51 Regional News for England (except London, 3.55 Play School (as BBC 2 11.00 a.m.), 4.30 Bailey's Comets, 4.40 The Canal Children, 5.00 John's Cavern's Newround, 5.10 Think of a Number, 5.40 News, 5.55 Nationwide (London and South-East only), 6.30 Nationwide, 6.50 Tom and Jerry, 7.00 The Liver Birds.

F.T. CROSSWORD PUZZLE No. 3,646



- ACROSS**
- 1 Salad orchestra by old king (4, 4)
 - 5 Way to the top one would consider silly (6)
 - 9 Game for revolutionaries (9)
 - 10 Forgo going to dad's to eat in the evening (4, 2)
 - 12 Leaves container to club porter we hear (5)
 - 13 Cad from Latin America raised part of shoe (5, 4)
 - 14 Some French place for a tyrant (6)
 - 16 Departed before party made determined onslaught (4, 3)
 - 19 Special quality of German city church (7)
 - 21 Chap for instance taking on a wine shop (6)
 - 23 Disorder concerning foot (4, 5)
 - 25 Suitable material with rushing sound (5)
 - 26 Won't youth leader build a hut? (6)
 - 27 Dying for some years before National Trust appeared (8)
 - 28 Last objective on river (6)
 - 29 Speculator wearing singlet gets nothing right (8)
- DOWN**
- 1 Copper takes on lively junior ministerial appointment (8)
 - 2 Washer the French strip (9)
 - 3 Cunning to insert notice with sorrow (5)
 - 4 Foolish day to go to bed with (7)
 - 6 Citizen soldiers instruct musicians (5, 4)
 - 7 Men helping sheriff in dis-possession case (6)
 - 8 Remove hair from ape I'd let wander (8)
 - 11 One offer in the same place according to footnote (4)
 - 15 Want very much to gasp when it's all over (4, 5)
 - 17 Sweet producing plant (5, 4)
 - 18 I'd like to consider blind request (3, 2, 3)
 - 20 Dress turns up in York (4)
 - 21 One bird got its teeth into another (7)
 - 22 Victor used to raise other people's game (6)
 - 24 Be a candidate for witness box (5)
 - 25 Flood comes to head in the south (5)

LONDON
9.30 a.m. Schools Programmes.
10.10 a.m. Rainbow, 12.30 Sounds of Britain, 1.00 News plus FT Index, 1.30 Help, 1.30 Crown Court, 2.00 After Noon, 2.25 Racing from Newmarket, 2.50 Point After With Nancy, 4.30 Bow, 4.45 Bunch of Fancies, 5.15 Emmerdale Farm, 5.45 News, 6.25 Crossroads, 7.00 This is Your Life, 7.30 Coronation Street, 8.00 Look Family, 8.30 Philby, Burgess and Maclean, 10.00 News, 10.30 The Sweeney, 11.00 World of William Shatner, 12.00 The John Williams Show, 12.25 a.m. Close: Robert Rietti reads a prayer for the Passover.
All IBA Regions as London except at the following times:
Wales: 5.10-5.40 p.m. Biliadwar, 5.55-6.20 Wales Today, 6.30 Radio 2, 7.15-7.30 Cartoons, 11.55 News and Weather for Wales, Scotland: 5.55-6.15 p.m. Reporting Scotland, 6.15-6.30 The Scottish Trades Union Congress (report), 6.30 John BBC 1 London for Nationwide, 11.55 News and Weather for Scotland, Northern Ireland: 5.55-6.30 p.m. Northern Ireland News, 5.55-6.30 Scene Around Six, 10.00-10.30 Spotlight on Northern Ireland affairs, 11.55 News and Weather for Northern Ireland, England: 5.55-6.30 p.m. Look East (Norwich), Look North (Leeds, Manchester, Newcastle), Midlands Today (Birmingham), Points West (Bristol), South Today (Southampton), Spotlight South West (Plymouth).

BBC 2
6.40-7.55 a.m. Open University, 10.25 Chartwell, 11.00 Play School, 4.55 Open University, 4.55 News on 2 headlines, 7.05 Mr. Smith Propagates Plants, 7.30 Newsday, 8.30 Brass Tactics, 9.00 Call My Bluff, 9.30 Midweek Cinema: "High, Wide and Handsome" starring Irene Dunne, 11.10 Late News on 2, 11.20 Snooker: Embassy World Professional Snooker Championship, 11.30 Snooker: Professional Snooker Championship.

RADIO 1
(5) Theresia broadcast, 5.58 a.m. 12.00 News, 12.30 News, 1.00 News, 1.30 News, 1.55 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 News, 6.00 News, 6.30 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 1.55 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 News, 6.00 News, 6.30 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 1.55 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 5.00 News, 5.30 News, 6.00 News, 6.30 News, 7.00 News, 7.30 News, 8.00 News, 8.30 News, 9.00 News, 9.30 News, 10.00 News, 10.30 News, 11.00 News, 11.30 News, 12.00 News, 12.30 News, 1.00 News, 1.30 News, 1.55 News, 2.00 News, 2.30 News, 3.00 News, 3.30 News, 4.00 News, 4.30 News, 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Royal Opera, Stockholm

Le Grand Macabre

by DOMINIC GILL

Until last week we could consider György Ligeti as one of the few living composers of note outside the experimental avant-garde (Boulez is another rare exception) apparently never to have been tempted to try his hand at composing an opera. For hands we can still say with some confidence that Boulez is no more likely than John Cage to write an opera house. But in Ligeti's case it seems that we were wrong. As long ago as 1965, soon after completing the "anti-operas" *Adventures* and *Nowadays*, Ligeti had accepted a proposal put to him by the late Göran Gentele, still then director of the Swedish Royal Opera, to compose a large-scale work for Stockholm.

The first sketches were for a piece along the lines of the two *Adventures*: a music-drama without narrative, setting a non-comprehensible, purely emotive text. Provisionally entitled *Kyboria* (a play on Ligeti's childhood, a place of dreams and private mythology), the more the notion developed, however, the more Ligeti realised "that the world of *Adventures* had come to an end, that I should not repeat myself, and that a story is essential for a full evening of music-theatre." Ligeti looked at first to Alfred Jarry, but after rejecting a number of possible "Jarryisations" he hit upon *Le Grand Macabre*, a play by the Flemish surrealist and dramatist Michel de Ghelderode (1898-1962), which exactly suited his musical-dramatic conception: "a play about a world disaster which after all never happens, with death as its end, who himself, plays after all but none, they all have their part, perhaps only a small fateful part, in a decaying, but good-naturedly lush and whorish world of an imaginary Brueghel and

with a huge array of more than 100 instruments between them. But the instrumental effects are never crude: even the most comic (a squawking prelude, for example to the first and second scenes by an ensemble of 12 car horns) are made with finesse; and elsewhere the links and set-pieces make a shifting pattern of exceptionally subtle combinations, thus directed by Clitoria and Spermandro from their tomb of love, the first scene's finale, its whirling introduction softened suddenly to languorous accompaniment as the voices sink deeper, and the instruments soar upwards to disappear at their highest point; the prelude to the third scene, wild polyphony from a quartet of instruments on stage, brilliantly conceived; Mescalina, Veridian lament, a marvellous moment of half-comic, half-serious tension; the music to Nekrotzar's death, a mirror-image of diminished fifth; the interlude between the third and last scenes, dark, vibrant tones and cavernous echoes, all passion spent.

It is a difficult, fast-moving score, punctuated by spoken routines (of which I understand little in this performance, done in Swedish, but which looked crisp enough in my German translation of the libretto), posing many problems of split-second timing, dovetailing and balance. Elgar Howarth's scrupulous preparation was clearly a fine achievement, which drew playing and singing on the first night of remarkable accuracy, clarity and conviction. He was helped by a strong cast, the coloratura soprano of Britt Marie Aruhn, somewhat shakily on her roller-skates, but thrillingly bright and sure in her high melismas; the Astradamus and

Two major conclusions arise from the television coverage of Mr. Healey's 13th budget. The first and the most important is that Parliament is going to have to allow television cameras into the House sooner rather than later. The second is that the BBC is suffering more and more noticeably from P.O. in its coverage of events such as the budget, and the time has come for its best friends to say so.

After the month of experimental radio broadcasts from Parliament in 1975 it was always clear that when a sound signal finally became regularly available it would not be limited to use on radio. Even during that experiment both BBC and ITV tried out various ways of using the sound tapes on television. Short of a Parliamentary rule restricting use of the recording of the live feed to radio (they have, after all, been banned by our nervous politicians from use in light entertainment or satire programmes), it seemed obvious that radio coverage of Parliament would constitute at the very least a base camp for television's hitherto very slow move into the Palace of Westminster, and at best a halfway house.

Now that regular radio broadcasting has started, however, it looks as though it is providing something more like a stalking horse from the cover of which the broadcasters are going to emerge wielding, like all respectable big game hunters these days, not guns but cameras.

In the debate between broadcasters and worried politicians during and after the 1975 experiment a lot of virtuous claims were heard about the way that Radio 4's *Yesterday in Parliament* and *Today in Parliament* may devote 55 solid minutes every day to Parliamentary news (not to mention anything done by the local radio stations, both BBC and commercial, while the Parliamentary content of television news varies from nothing to perhaps three

or four minutes. It is still television news which is going to be of most interest to a lot of politicians.

And the radio-on-TV hybrid that they see there and in the "specials" which television has already started to mount on the occasions of important debates, is hardly likely to please them very much. It certainly does not please me very much. In fact it displeases me so much that where I start to wonder by right in 1978 in this supposedly open democracy I am prevented from seeing on my television set just what happens on the floor and in the committee rooms of the House of Commons where our elected representatives now order so much of our lives and spend so much of our money.

England is supposed to be the mother of parliaments. British broadcasting is supposed to be the best in the world—our politicians are forever telling us so. Yet here we are 48 years after the introduction of radio into the Danish parliament, and 25 years after the introduction of television into the West German parliament, failing about with a system that produces on millions of sitting-room screens a bastardised thing which is neither a good television programme nor a good radio report.

For Mr. Healey's budget speech the BBC had a camera trained on the outside of the Houses of Parliament so that we could confirm from Big Ben the rather panicky observation made by presenter Sue Lawley that "the Chancellor is now about two minutes late in standing up."

Then, as he began to speak, we heard the radio relay of his voice but continued to watch the traffic in Parliament Square, and the utter absurdity of the position started to become clear.

We are allowed to hear the Chancellor speak live, and we are allowed to watch pictures of the outside of the building while he is speaking. We are allowed to hear instant comment on his pronouncements from television pundits interrupting his speech. We are allowed, a handful at a time, to sit in the public gallery and watch him deliver it. We are allowed to caricature and ridicule him in cartoons and in print, in sound and in pictures—still and moving.

But we are not allowed to see him give his budget speech on

television; neither live nor in a recording.

For their budget "special" ITN used as a screen all over which to broadcast the speech a composite reminiscent of a Victorian "Illustrated London News" cover, with Mr. Healey's face beaming out of an oval



Sue Lawley and Alastair Burnet

frame flanked by pictures of Parliament. Occasionally they cut away to a three-dimensional representation of the interior of the House, seemingly built in a shoe box, with a little model man standing at the little model despatch box to represent the Chancellor. Again the truly ludicrous nature of this elaborate British compromise became clear as the voice seemed to emanate from the plasticine manikin.

However, the system reached its nadir with Mrs. Thatcher's response to the budget speech. Knowing the Commons as she does, she must have been aware of inviting odium when she talked first of "this radio broadcast" instead of the Chancellor's speech, and then seemingly aimed an appeal for sympathy directly at the national audience by explaining what all MPs know perfectly well—that her response had to be without advance knowledge.

Decades hence when cameras in the House seem as humdrum as the reporting in the Press gallery seen today, students of the British constitution will no doubt be as incredulous over the present obscurantism of so many politicians in preventing electors watching the public business of government via television as we are over the way that newspapermen were sent to The Tower, right up to the end of the 18th century. For daring to report Parliament.



Any politician still in doubt about the wisdom of having the cameras in need only go back to a videotape recording of that BBC budget programme in order to be convinced. He will find that the BBC's P.O. that I mentioned at the beginning—Fundi Overload—is so pronounced that programmes such as these that for long periods nobody manages to say anything at all.

In a typical sequence of ring-roses Mr. Healey's speech would be interrupted by Sue Lawley who would re-read his last remark of a monitor (or mis-read it as in "Employment is too high"). She would then "go over" to Robin Day, who, after another completely pointless interjection, would invite the opinion of Hugh Scanlon and then, almost before the man had had time to open his mouth, "hand us back" to the live sound relay.

It would have made far better sense for the highly articulate economist Peter Spenning, one of two pundits sitting at Sue Lawley's desk, to have handled the whole thing on his own. With his background in drama (Cassius in *Julius Caesar*) and in repute (Acute Angles) and his easy command of radio and television demonstrated more recently it is pretty clear that he would have had no difficulty in handling the presentation as well as the expert commentary.

On ITN Alastair Burnet, former editor of *The Economist*, did just that, summarising the speech as it progressed and adding the occasional quick explanation or comment. Even then ITN was still too cluttered, what with Peter Snow and Sissons and trips to the City and to a factory, but it was not made virtually unwatchable by P.O. as *Nationwide* was.

Cameras in Parliament and at most two commentators in the studio should be the aim for the spring budget next year.

Cameras in Parliament and at most two commentators in the studio should be the aim for the spring budget next year.



Sven Erik Vikström, Elisabeth Söderström and Kerstin Meyer

We may not have considered Ligeti as a composer for the stage, but certain points are always visible. Ligeti's compositions after leaving Hungary in 1956 to work with Bert and Stockhausen in the electronic music studio in Cologne, such as *Apparitions* (1960) and *Atmosphères* (1961), full orchestra, were brilliant. In *Klangfarbenorgel* (1963), a massive web of sound, constantly shifting within its own walls, characterised by clusters of notes played against a background of "micro-polyphony," the climax of this line of development and perhaps the most fully known, is the *Requiem* (1963-65) scored for 20-part orchestra, whose first movement is used to memorable effect—just to the composer's chagrin, and without his permission by Kubrick in the soundtrack of his film 2001.

But since the middle 1960's, a brief flirtation with the rhapsodies of John Cage and now the two *Adventures* and *Nowadays* (symphonies for 108 string ensembles), there has been a dual but perceptible shift away from massive web-form towards a simpler, and more delicately nuanced music, whose textures are more and more sparse and distinct, and whose serial structure is more clearly delineated—as for example in *Metastasis* (1966), the second of a quartet (1964) and notably *Metastasis* for orchestra (1971). These were an after an 1830 version of Ligeti's music relayed in Vienna on the occasion of 50th birthday. I wrote appreciatively of this new tendency—scarcely as exemplified by Ligeti's a busy, lyrical piece, suitably scored, which climbs to a peak, and finally gathers together to disappear (a favourite gesture) into silence.

with a high-sounding ostentatious duet. Nekrotzar has failed; the world is intact; no one was hurt. He maled, but who was he? Death indeed? On a false Messiah, a shabby jester playing death and Stockhausen in a part?

Ligeti fills out this elaborate comic script—which he has adapted himself in collaboration with the opera's producer Michael Meschke, directly from Ghelderode, making only a few minor narrative alterations with a shrewdly elaborate comic score of two acts and four scenes, together lasting a little over two hours. The manner is wholly individual: a brilliant, exotic music-box of melodies, self-referential motifs, quotations and references, proposed with the greatest delicacy, bound together with a quick, taut thread.

There are a few obvious quotations: from Beethoven's *Eroica*, the Offenbach *Can-Can*, a snatch of Chopin. But there is no direct pastiche. Instead, Ligeti weaves a web that is very much his own, setting small parts of it only, as it were, in quotation marks: sometimes a whole scene, like the lovely "Bourrée perpetuelle," a reminiscence of an unknown Haydn string quartet transformed by Ligeti, which makes its appearance at two crucial points in the second and third scenes; and sometimes the briefest encounter, a fleeting quartet (1964) and notably *Metastasis* for orchestra (1971). These were an after an 1830 version of Ligeti's music relayed in Vienna on the occasion of 50th birthday. I wrote appreciatively of this new tendency—scarcely as exemplified by Ligeti's a busy, lyrical piece, suitably scored, which climbs to a peak, and finally gathers together to disappear (a favourite gesture) into silence.

Mescalina of Arne Tyrén and Barbro Erlsson, sturdy comics both, of lively voice and firm presence; Sven Erik Vikström's Piet, dexterous and impish; Erik Sæden's Nekrotzar, a powerful bass-baritone, commanding in his ambiguous role; the baby prince Go-Go of Gunilla Siltgård, delivered with a nice combination of humor and pathos; and not least the two lovers, taken by Elisabeth Söderström and (as a travesty role) Kerstin Meyer, both in warm and eloquent voice, radiantly intertwined.

The production of Michael Meschke will doubtless lighten up as the performance settles. By the first night one or two ensembles still moved stiffly, and a few details were still unfocused. But there were felicities, for the presentation of Prince Go-Go's Ministers Black and White (Meschke is also the director of Stockholm's puppet theatre) as giant living puppets, and the Police Chief's minions as scurrying blackbirds, beaks agape, were both imaginative touches, nicely sustained. The designer Allure Mezzies offered a splendid wardrobe of costumes, and in the central scenes, superbly detailed Brueghel-like recreations of Astradamus' house and Go-Go's palace. I was puzzled by her choice of set for the first and last scenes: the beautiful land of Brueghel, backed by a sheer rock cliff face, a reminder maybe of harsh reality, whose colour and detail are filled out only in fantasy, but dramatically a disappointment, visually lame.

Next October, *Le Grand Macabre* moves to a new production in Hamburg: it will be interesting to see how much of the best of Stockholm is retained, and whether new problems, as well as new solutions, arise.

ing with a graveside penitence in driving snow that might have come straight out of *The Bell*, but the stage-pictures are always arresting and the string of cameo performances with which it is graced are a constant delight. I am sure I shall get into a muddle over Susan Little and Susan Fleetwood but luckily they are good excellent as nurses, bath artists, street walkers, jealous daughters at all, and so is Janet Whiteside as an ageing soubrette and an angry mother, and Elspeth March as an even angrier grandmother and Judy Bowker as a liberated slave and Irene



Janet Whiteside and Daniel Massey

Cottesloe

Don Juan Comes Back From The War

by ANTHONY CURTIS

The National Theatre introduced us to the work of the Austro-Hungarian playwright Odon von Horvath last January when we saw his play *Don Juan Comes Back From The War* in its English version of his *Twelve from the Vienna Woods*. That was a crowded and cumbersome work which spilled across the arena stage of the Olivier Theatre. Maximilian Schell was co-opted as director to give the production a true Horvathian flavour. This time we have Horvath working on a scale where his work may be happily contained by the smaller yet adaptable Cottesloe Theatre. Mr. Hampton is once again responsible for the eminently speakable text and Stewart Trotter is in charge of the direction.

The period is slightly earlier than that of *Twelve*; the Armistice has only just been signed, the hero still in his soldier's uniform, determined to seek out the girl he left behind him. In fact she has died of remorse at the brutal way he treated her but it takes him a good 90 minutes (the piece is played without an interval) to discover this and he becomes diverted from his quest by various adventures with a variety of different women against the familiar Horvathian background of inflation and profiteering to which is added here the lethal post-war flu epidemic.

We have the piquant spectacle of a play containing only one male part but 35 female ones which are doubled and trebled by the dozen talented ladies whom the National Theatre has mustered for the event. Among this dazzling display of quick-change artistry pity the reviewer, trying to identify the actress concerned. The scenes are short, ending with blackout during which the set may be rapidly changed to suggest the hospital, lodging-house, ice-rink, box at the opera, café, cemetery, or wherever else his fatal attraction for women leads our repentant hero.

When it is not being self-consciously cynical the story is a thoroughly sentimental one end-

Elizabeth Hall

Academy of Ancient Music

by ARTHUR JACOBS

The sight as well as the sound is unfamiliar. Though the pre-18th-century wooden flute, or baroque oboe on the concert platform hardly excites remark, these days, a full baroque band of 33 players is a rarity indeed. With legitimate exceptions such as the cellists (who grab their instruments between the legs, disdaining the modern spike), the members of the Academy of Ancient Music stand while playing. In such a way Christopher Hogwood, the Academy's founder-director, attempts to re-create the 18th-century model. But he reasonably allowed himself on Monday to quit the harpsichord and to play the most of Handel's *Water Music* with a modern conductor's gestures.

The blend of historical insight and performers' flair has already won its public. In a justly praised series of recordings the Academy has ranged from Purcell to Geminiani, and now a virtually full house greeted a programme in which only the *Water Music* could exert the pull of familiarity. Here the graceful lilt and well-turned phrasing were to be relished, especially in those movements demanding French-style rhythmic inequalities. I only wondered why, in Venetian comedy like several of this composer's works, but a crime story set in Naples in the early years of this century.

Rather naughtily (considering that even an 80-piece symphony orchestra lists its members) the programme failed to name the individual participants. The famous soprano Maria Jeriza.

in his own right is Stephen Preston, the Galway of the 18th-century wooden flute, who played an agreeable concerto in D by Quantz—accompanied, as would certainly be considered legitimate in those days, by a string quintet and harpsichord rather than a full band. Quantz's *master*, Frederick the Great, was represented by a capella symphony (no. 3 in D) and C. P. E. Bach by another. I do not doubt that the sheer novelty of instrumental tone-colour distracts us today from a certain dullness in his musical repertory and a lack of contrast between loud and soft in the performance. Abundance may be a virtue, but for the present, London music has no more valuable constituent than Mr. Hogwood's Academy.

'The Jewels of the Madonna' at Clifton

The Bristol Opera Company's 1978 production of *The Jewels of the Madonna* opens this evening, Wednesday, at the Victoria Rooms Theatre, Clifton, and runs for four consecutive evenings, starting at 7.30. This year's French-style rhythmic inequalities. I only wondered why, in Venetian comedy like several of this composer's works, but a crime story set in Naples in the early years of this century.

The opera, a great favourite before and after the First World War, was notably associated at the Covent Garden and at the Metropolitan, New York, with individual participants. The famous soprano Maria Jeriza.

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Wednesday April 19 1978

Keep talking on Rhodesia

DR. DAVID OWEN, the British Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, have returned from southern Africa almost empty handed. The original object of their mission is unachieved. They wanted to hold an all-party conference on Rhodesia, which, it was suggested only two weeks ago, should convene on April 25. But their talks with the nationalist Patriotic Front and with the black and white leaders of the interim government in Salisbury have shown just how far apart the warring sides still are. Equally they have been unable to discuss much comfort from their discussions with South Africa and with representatives of the frontline African states, which respectively are best placed to bring pressure on the Rhodesian parties to negotiate.

Flexible

When the two ministers left for Africa, they were given the impression by the frontline States that the stand of the Patriotic Front on the Anglo-American proposals was now more flexible, and in a sense it was. The Front has apparently now agreed that Lord Carver, the British resident commissioner designate, should have full control of security during an interim stage leading to majority rule elections, while it has also accepted that there should be a UN force in Rhodesia during that time. But this change is less significant when put against the PF's new demands that it should supply men for an interim police force — a completely new suggestion which is well outside the Anglo-American plan: or when set against the apparent determination of the interim government in Salisbury to stick by its "internal settlement" which, of course, is anathema to the Patriotic Front.

The gap between the two sides, even though neither has rejected the idea of some future conference, has therefore not been narrowed at all as a result of the Owen-Vance mission. Indeed, though it cannot be said to be the fault of the Foreign Ministers, the gap has actually widened, or at least become significantly more dangerous, in the past few weeks. Bishop Muzorewa and the Rev. Sithole, the two most prominent black nationalists in the new interim government are now allied with Mr. Ian Smith, and the army which previously fought for the white government alone is now

also fighting for Bishop Muzorewa and Rev. Sithole. What has long been a political struggle for power between rival black nationalists has thus now turned into a military contest. There is in the words of Mr. Andrew Young, the U.S. Ambassador to the UN, an imminent danger of a "black on black" civil war. But even that does not fully describe the gravity of the problem. Though the war — combined with the effects of the continuing world recession — is taking a particularly heavy toll of the Rhodesian economy, and thus on Rhodesia's ability to fight, there is an effective stalemate between the forces of the two sides. The Patriotic Front may be able to call on 20,000 men in the field, but there is no sign that they are winning, or can soon win, the war against the greater efficiency of the Rhodesian forces.

As things stand currently, neither side is winning and therefore both sides could well soon be tempted to call on external allies to help them win. The South Africans are far from willing to send troops to Rhodesia, and the black members of the Government there might well be loath to ask for them.

Open door

The real intentions of the Cubans and Russians in southern Africa are not known, but both the Rhodesian guerrilla organisations and the frontline States who harbour them have publicly said they do not want foreign troops to enter the war. Yet if one side or the other did feel impelled to seek help, there can be little doubt that what is now a localised if increasingly bitter war could quickly become internationalised.

It is to try to avert these dangers that both Dr. Owen and Mr. Vance insist that the door to negotiations must be left open, even if the prospects of a successful all-party conference now seem remote. It may well be in the present circumstances, Bishop Muzorewa and the Rev. Sithole would have more popular support, were all Rhodesians able to go freely to the polls. But the key to a Rhodesian solution is that the warring sides must talk if the fighting is to stop. For this reason alone Dr. Owen and Mr. Vance are right to try to keep the talking going.

Bank charges to rise

THE LONDON clearing banks, and the other banks whose activities have been under review by the Price Commission, need have only minor reservations about its report. The inquiry was ostensibly into the charges they make for money transmission services. The Commission has not confined itself entirely to this field, since it found that it was impracticable to isolate one sphere of banking activity from another.

So far as money transmission as such is concerned, however, it reaches two conclusions that fully justify the banks in their wish to raise charges. The first is that, in most respects, money transmission services in this country compare favourably in efficiency with those available abroad, and that the charges made for them are not in general excessive. The second is that the profitability of bank operations as a whole is low, especially in terms of inflation accounting, and that it is only by raising money through new issues that they have been able roughly to maintain the ratio of free capital to deposits over the past few years.

Closer fit

The case for raising the general level of charges, however, depends very much on the level of interest rates. As Co-op and the Trustee Savings Bank, therefore, the Commission suggests that individual charges for personal (and smaller corporate) customers should be related more closely to the individual cost of handling their current accounts. Whether this should be done by paying interest on current accounts or relating the abatement scale to the changing level of interest rates is a matter that the Commission leaves for the banks to decide for themselves on the basis of competition: there is a difference of advantage here between the customer who would have to pay tax on interest and the lower-income customer who would probably have to pay more in any case. The relative simplicity of the current charging system, which

enables potential customers to compare one bank's terms easily with those of its competitors, will go, but there is logic in the Commission's case. Some of its other suggestions may be less popular with the banks. The most commonly discussed, that the banks should aim at disclosing their general provisions for bad and doubtful debts, does not seem likely to come up against quite as much resistance as seemed likely. But the idea that the Bank of England should regulate membership of the Clearing House and the allocation of costs between members is only more controversial than the suggestion that full membership of the Committee of London Clearing Bankers should be open to all substantial retail banks.

Free capital

The case for more flexible opening hours is one that the bank managements would themselves accept to some extent, pleading that it is the unions and staff associations which oppose reversing the changes made some time ago. The big clearers, unless they can solve this problem, will have to invest heavily in alternative outlets if they are to stand up to the new competition of bodies like the Co-op and the Trustee Savings Bank.

Beyond the individual recommendations of the Price Commission, however, there are two general points which the banks will have very much in mind. The first is that all their joint working arrangements will sooner or later be investigated by the Restrictive Practices Court from the point of view of the public interest: they are not over their last hurdle yet by any means. The second is that current account charges make up so small a part of their total income that increases in these alone will do little to increase their profits and augment their free capital. For this, as the Price Commission points out, they must look more to their lending business and their ancillary activities.

Britain torn between U.S. and the European connection

By MICHAEL DONNE, Aerospace Correspondent

THE CONTROVERSY now developing over Britain's future civil aerospace policies is likely to become one of the most bitterly contested aviation arguments for many years, and one which is likely to pose a major dilemma for the Government. How it is settled could influence, for the rest of this century, not only the purchasing policies of British Airways, but also the long-term manufacturing programmes of British Aerospace (the nationalised aircraft group), and the long-term future of Rolls-Royce, and especially its RB-211 engine.

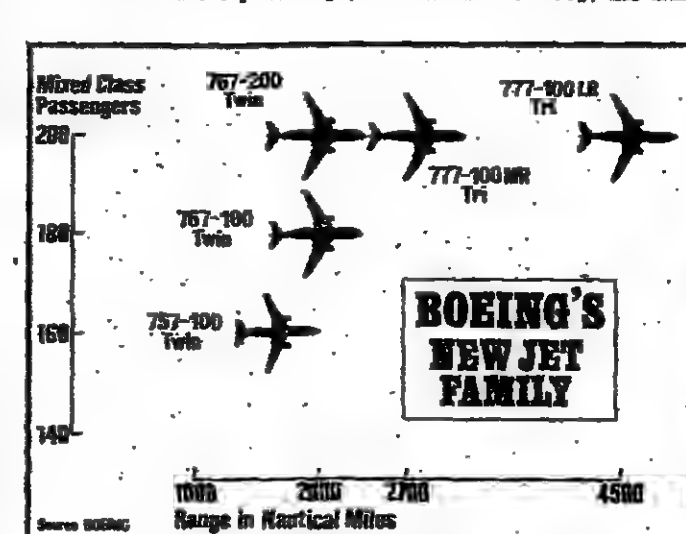
Larger type of jet

The first issue is the desire of British Airways to buy 19 Boeing 737 short-haul jet airliners, seating about 120 passengers, to replace ageing Trident Ones and Twos by 1980. Eventually by the mid-1980s, British Airways will need to buy another new, but larger type of short-range jet seating 160-180 passengers, to replace Trident Threes as well as to meet growing traffic. BA is not yet committed to anything in the latter case, but believes that one of the new family of jets proposed by Boeing, the twin-engined 737, would be most suitable.

By seeking the 737, BA is accused of rejecting the modified version of the British One-Eleven, the Series 600. Also, by leaning towards the 737, the airline is accused of striking a body blow at the possibility of British participation in the development of a rival European aircraft, the Joint European Transport, or JET, which will use a Franco-American engine. Against this, the airline can point to the fact that Boeing has offered Britain a substantial partnership in development and manufacture of the 737, which would make the aircraft a major Anglo-American aeroplane, complete with Rolls-Royce engines.

British Airways' case for wanting to use more American-built aircraft is based simply upon its belief that they are best. It is supported in this by the fact that the Boeing 737 is now one of the world's highest-selling jets, with 554 sold to 71 customers world-wide. The monthly production of three at Boeing's Renton plant in Seattle is to be raised to four in July, then to five in November, and seven next April. The 737 will be built through the 1980s, and Boeing says the jet is capable of meeting the increasingly stringent international noise rules already being prepared for 1986.

British Airways wants it because it will seat up to 128 passengers, and will be more profitable than the One-Eleven which, at best, can only seat 109. BA says that while a fleet of 19 737s will cost £140m, against £123m for a comparable fleet of One-Elevens, the 737's operating profits will be £10m higher per year for the fleet, or £140m over a 14-year life. British Aerospace has not yet responded to these arguments in detail but there is no doubt that the One-Eleven is a very slow seller compared with the 737, with total sales so far of 220. British Aerospace says,



The chart shows the relationship between the various members of Boeing's proposed new family of jets, in terms of payload and range capability. The two engined, short-range Boeing 737 is shown in model form on the right, beneath an artist's impression of the rival Joint European Transport (JET) project.

however, that it is negotiating sales in Romania and Japan, and that there is a possibility of production under licence in both countries, which would keep One-Eleven production going for many years to come. The company fears that a British Airways 737 purchase would damage these sales prospects.

It is because of rising demand for the 737 and the need to plan now for the production schedules of 1980, that Boeing would like some indication from British Airways about whether or not it intends to proceed with its purchase; the contractual details being settled later. This is not an ultimatum by Boeing, merely prudent arranging of manufacturing schedules. If demand for the 737 continues to increase, Boeing may have to raise the production rate further before 1980.

The second issue is whether or not British Airways buys the bigger Boeing 747 for the mid-1980s. It is a much more significant one, for it is closely linked with the overall direction of a big slice of the U.K. civil aircraft manufacturing industry for the rest of this century. The choice is whether Britain links with France and West Germany to help develop the twin-engined, short-range Joint European Transport (or JET), in various versions, seating be-

tween 130-163, or whether it accepts an offer from Boeing of collaboration on the rival 747, which is the aircraft British Airways really wants eventually to replace its Trident Threes. So far, comparatively little has been said about the JET programme, because it is still evolving. A joint marketing team from the major companies involved, including British Aerospace, Aerospaciale and Messerschmitt-Bölkow-Blom, has been sounding the views of over 30 airlines world-wide in recent weeks, and gauging the potential level of interest. On the results of this study, the Euro-

market for 3,000 aircraft, worth over £37bn. One is the twin-engined, short-haul 737, seating up to 180, which will supplement and eventually replace the best-selling 727 jet. The 737 will use many parts of the 727, but could use two of the new Rolls-Royce "cropped fan" versions of the RB-211 engine, the Dash 535 of 32,000 lbs thrust. Next is the bigger, 200-seater twin-engined 767, which would have the higher-thrust engines, such as the Rolls-Royce RB-211 Dash-22 of 42,000 lbs. The third member of the family is the 777, a tri-jet, also a 200-seater, but with long range, and using "cropped fan"

U.K. should join it in a risk-bearing sub-contractor role — that is putting up capital pro rata with the work British gets, and taking a chance on the ultimate success of the venture. The result, in effect, would be an Anglo-American aircraft. Boeing would make all the parts derived from the existing 727 — it makes them already so there is no point in changing to a new manufacturer — but Britain would get detailed design, development and production of all the new parts. This means the wings, landing gear, fuselage extension, and nacelles.

Europeans on the JET. British Aerospace admits that it has a "gentleman's agreement" with the Europeans not to open negotiations with others while the JET is still evolving. This appears to indicate that British Aerospace has no intention of even discussing the matter further, unless and until the JET talks break down. This attitude surprises Boeing, which says it is making a genuine offer, on a strictly business basis. Boeing also says that it cannot hold out its offer indefinitely, and that unless it gets some indication soon of at least a willingness to talk, it will have to look elsewhere. The reason is the time-scale for the aircraft's development. Boeing wants to start the 787 first, then the 777, and then the 767 — but all of them over the next nine months or so. This means that detailed discussions with sub-contractors and risk-sharing partners must start within the next few months.

Mr. E. H. Bonifant, president of Boeing's Commercial Airplane Company, says that if he holds on beyond mid-May, he would be burning his own company's long-term plans. He also points out that there are some big manufacturers in the U.S. — Rockwell, General Dynamics, Rohr Industries and others — who would be only too willing to get into the 737 programme on the same basis now offered to Britain. "All of our sub-contractors have made money," says Mr. Bonifant, "and some of them have made more than we have. What do you want in Britain — money and work — or pride?"

Weighing the facts

What the Government must now discover in this complex situation is just how many long-term jobs, how much investment and what profits are likely to accrue, from participation in either the European JET programme or the Boeing 737. Either way British Aerospace gets something. The question is which is best. It must weigh the fact that by going with Europe, there is no future in the RB-211 in both the 737 and the 767/777 aircraft. There is also the fact that British Airways, for its own commercial reasons, believes the Boeing road is best, both on 737s and eventually 777s. At the same time, it must also be faced that the Europeans are already beginning to find their work cut out to meet growing demand for the Airbus and to press ahead with their plans to build a smaller 200-seater version, the B-10, using U.S. General Electric engines.



The two engined, short-range Boeing 737 is shown in model form on the right, beneath an artist's impression of the rival Joint European Transport (JET) project.

equivalent to about 40 per cent. of the airframe.

If Rolls-Royce RB-211 engines are included, the U.K.'s share of the work would rise to over 55 per cent, while Boeing is also ready to negotiate final assembly and flight testing in the U.K. — which would raise the share further to probably well over 70 per cent. Boeing would retain overall control, and the marketing and the aircraft would still be called the Boeing 737 — no bad thing, because it is largely on Boeing's reputation that initial sales will be made.

Boeing stresses the whole venture is open to negotiation. The total investment would be about \$500m, of which the British share would be upwards of \$300m, depending on how much of the work it wanted. Boeing suggests the non-recurring costs could be spread over the first 500 aircraft, and that probable eventual sales would be over 1,000 — an indication of Boeing's confidence in its own ability to dominate world markets.

British Aerospace claims that Boeing's plans have been spelled out only in the briefest form, in a letter to Lord Bewick, chairman of the U.K. group. Boeing admits that, so far, it has not been able to get to the negotiating table, but says this is because British Aerospace declines to discuss the matter while still negotiating with the

going under the control of their existing staffs. "There are eight leasehold Matthe shops 'we might be able to find the money for, but the other 25 or so would be too expensive for us," Pye said only about six of the 300 people involved belonged to trade unions. "There is nothing political at all about our efforts," he said. When I told him that the Bakers Union was threatening an overtime ban because of the Spillers' shutdown, he said it seemed a poor idea.

The Matthe bakeries have been in existence since 1898 and some employees have half a century's service behind them. "We know the shops are profitable," says Pye, who has himself been with the group for 26 years. "If we can save some of the shops, we shall buy bread from independent bakeries. But time is so short."

A petition from employees was sent by Keith Stainton, Tory MP for Sudbury and Woodbridge, to Spillers chairman Michael Vernon on Monday. Yesterday afternoon, Stainton called to see Vernon at the company's head office in the City. Afterwards, Vernon told me: "I think Mr. Stainton was well satisfied with our discussions. We are keenly aware of the problem and I hope that more than half of the shops will stay open. A variety of negotiations are in progress to sell some of them. I shall be delighted if the managers of the leasehold shops can arrange to take them over."

Slightly cracked

A friend in Cardiff tells me he has just bought some cups and saucers stamped with the baffling inscription, "Cornish Martello — Made in Ireland." At least they are all Celts.

Jobs before history

Merseyside's mounting unemployment may be a key factor in to-day's vote by Liverpool City Council about the fate of the historic Lyceum Club. There are plans to demolish the club, built in 1802, and Viking Development want to erect shops instead. Conservationists are putting up a last-ditch battle, but the planning committee has passed, by one vote, the demolition scheme.

I gather that Labour councillors are swayed by the thought that the scheme will give 122 building jobs for 22 months. The Liberals, second largest party in Liverpool, are backing an alternative idea that would save the club's neoclassic frontage. But with local elections only three weeks away, the developers' plan for being on site by July may carry the day.

Crumbs of hope

While Frank Pye was talking to me yesterday afternoon from a baker's shop in Ipswich, the managers were in tears beside him. The shop is part of the Spillers five years ago and due to shut on Saturday following the recent decision by Spillers to get out of baking. Pye, an area manager in Norfolk and Suffolk for the group, was taking final orders for the shop. "All the 300 people who have been made redundant are terribly upset," he told me. "So are the customers. Yesterday in Saxmundham an old lady came up to me and tried to hand over £200 in notes to help save the local shop. I could not take it, of course."

Pye is leading the campaign to try to keep some of the shops

MEN AND MATTERS

Slightly below the belt

The Middle East storm that has been blowing up about some unfortunately decorated underpants has finally produced an abject apology from Marks and Spencer. Perhaps the threat from as far away as Kuwait to mount a campaign to prevent Arab tourists from coming to London has driven M and S to issue a statement regretting that it has "unwittingly offended religious convictions."

It also points out that the underpants were withdrawn from sale in all branches last month. The offending garments were designed in Paris and the motif on the hip was thought by buyers to be just a piece of abstract art. In fact, it was a 13th-century Kufic script saying "There is no God but Allah..."

This oddity was not noticed, as far as is known, by any of the myriad Middle East shoppers in Oxford Street, but by a distinguished British scholar of Arabic. Soon, the painful truth found its way into print. In the Middle East, reaction has been hectic, with predictable accusations that M and S were engaging in calculated Zionist insults. A long editorial in the Egyptian Gazette, entitled "Scrapping the Bottom" contrived to bring in Hitler, punk rock, and the Ku Klux Klan. To make things possibly still more emotive, the underpants were translated into knickers. Yesterday's M and S apology lacked any frills and its spokesmen were terse on the topic; so I have not discovered who was the erring Gallic designer.

Change needed

Peter Rost, MP and stockbroker, explained to me yesterday why he is harassing the Treasury, and Prices Minister Roy Hat-



tersley, about what he calls "Britain's only growth industry." Rost is referring to tourism and his particular anxiety is over the activities of some less reputable bureaux de change.

Yesterday he had eight questions on the Order Paper for the Treasury on this subject. He expects answers on Thursday. He says that a written reply from Hattersley earlier this week was "most unsatisfactory." Accompanying an American girl student who was doing research for him on energy, Rost made a round of bureaux in London. He says: "We are in danger of becoming viewed as a nation of racketeers. It may even damage our whole export drive. He says that rates offered for major European currencies vary far too widely and commissions go up to 4 per cent — or even 6 per cent, after market hours."

Rost maintains the Director of Fair Trading should make regular inspections of the bureaux. "I also think the British Tourist Authority has a big responsibility," he says



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Best in mind too that once on board QE2 virtually the only things you pay for are drinks. 5 days of superb food and high living are all included in the price. If you travel regularly to the United States on business, take your wife with you on your next trip and sail one-way on QE2. You will find it makes a nice change from the usual Transatlantic dash, and for the cost of an extra five, sailing on this wonderful ship is a marvellous opportunity for you to enjoy the holiday of a life-time together.

QE2 crosses the Atlantic no less than 30 times between April and November. Many of her voyages are made over weekends so your return journey could easily take the form of a long weekend away.

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CUNARD QE2

Lloyd's—sorting out a foreign dilemma

By JOHN MOORE

THIS MORNING at their regular weekly meeting the 16 members of the Committee of Lloyd's of London, the administrative body of the world's leading insurance community, will discuss whether they are prepared to accept the principle of foreign ownership of a major Lloyd's broker.

The issue arises from last week's announcement of a bid by Frank B. Hall, the third largest quoted U.S. insurance broker, for Lloyd's broker, Leslie and Godwin; and from the more closely guarded bid talks currently underway between Marsh and McLennan, the number one U.S. broker, with Wigham Paine.

The latest moves by the Americans are a logical consequence of the extensive network of U.S. and Lloyd's brokers' links that have built up over the last few years. American brokers have forged links with Lloyd's brokers in two ways; first, by putting large volumes of business with Lloyd's through Lloyd's brokers, and secondly by often taking large shareholdings in Lloyd's brokers, although until now without a full controlling stake.

The Americans like Lloyd's and the way that it handles their business. What they have not liked is the split of the commission which has had to be made between themselves and Lloyd's brokers.

Nearly 300 Lloyd's brokers firms will be awaiting the outcome of today's meeting with some anxiety, and with good cause. All business that is placed with Lloyd's has to come through an approved Lloyd's broker—admitted at the discretion of the Committee subject to the broker's integrity, experience and financial standing proving satisfactory. So if foreign ownership of Lloyd's is agreed in principle the volume of business handled by the U.K. brokers in this way could shrink

and with it their commission. Although foreign ownership of a Lloyd's broker is not without precedent, such that exist are relatively minor cases. It is at this morning's meeting that the issue will receive its first serious discussion, and there will be much argument among the members over whether the famed Lloyd's exclusiveness should be breached or maintained.

This debate is being conducted at a time when Lloyd's is under pressure, probably as never before, as international competition bites deep into its traditional markets and public doubts grow about Lloyd's future role.

Lloyd's itself indicated earlier this year that all was far from well. Mr. Robert Kiln, a member of the Committee of Lloyd's, warned that although 1975, 1976, and probably 1977 would be profitable years at Lloyd's, "there has been a natural growth in the past three years a great sense of euphoria," because of the absence of major catastrophes such as the hurricane Beily of 1965 or the Darwin disaster of 1974.

The policy, he explained, had been one of "get the money in. It did not matter if rates had to

be cut to do so. "There is no wise underwriting going on in the London market and there has been for the past 12 months," he added. "There is a lot of competition for our business—some of it very un-sound from overseas markets."

Other top Lloyd's underwriters are now speaking openly about the conditions. Mr. John Oliver, a marine specialist, said "the recession in shipping is more serious than ever. With not as much cargo being shipped around the world there is not anything like enough new vessels being built for us to insure. The competition is more intense than we ever experienced."

On the aviation side Mr. Neill Hill, chairman of the Lloyd's Aviation Underwriters Association, said, "the insurance market has grown faster than the demands of the airlines. When that happens you are bound to get weakness in the premium rates. Competition has kept the rates down even though the values of the risks are going up."

In other markets Mr. Murray Lawrence, chairman of the Lloyd's Non-Marine Underwriters Association, said "after 1974 and the horrors of the Darwin obliteration there was

some correction in premium rates. But people have short memories, and markets have become competitive. On general property insurance the rate was in 1970. Over the same period premium income has risen at a similar rate to around £2bn. a year."

The trading situation has worsened at Lloyd's to the extent that in some syndicates the number of members being introduced may well have to be restricted because it is becoming increasingly difficult to feed new members with profitable business.

But the structure of the Lloyd's market militates against any kind of discipline over rates being imposed. Mr. Ian Findlay, who has just completed his first 100 days as Chairman of Lloyd's explained: "The whole concept of Lloyd's rests upon individualism. It not only competes with other markets, it competes amongst itself."

In fact there are 330 underwriting syndicates each competing with each other, as well as with outside insurance markets. Syndicates are composed of several hundred underwriting members (or names as they are called) or in some instances only a handful, and can specialise in one class of risk, although most cover a broad spread of business.

business that may be by-passing Lloyd's."

Some control can be imposed on the flow of names brought forward to the market by underwriting agents but little can be done about the premium rates. One chairman of the four main underwriting associations said: "It's a continual battle to keep people in some semblance of order. It is a large market and you have very little control. If we interfered in underwriting matters such as ratings there would be an outcry from our members."

Mr. Findlay reinforced the point. "It is not the function of the Committee of Lloyd's to oversee an underwriter to ensure that he is writing the right risks at the right rates or that he is paying the right claims. It would be quite wrong for the Committee to take a more interventionist role. Lloyd's would not be Lloyd's if it did."

But the competition continues to grow. The proportion of foreign insurance companies represented in London is greater than in any other country.

market (with the possible exception of Brussels) and is still increasing. In the past Lloyd's only had to compete seriously with a local market for the local business. Now foreign insurers are also fighting for that local business, and as a result premium rates are becoming keener, much to the incredulity of Lloyd's who cannot understand how the competition

substantially in 1974, when occurred Lloyd's acts swiftly. But the Lloyd's attitude of cure rather than prevention is cold comfort to those members who have come forward and provided the vital Lloyd's capacity. As one underwriter explained, "Our security is now no longer provided by really wealthy people. So it is now much more a part of our job to make a profit for them than it is to carry large risks. For whether they are wealthy or not they still stick their necks out for their collective wealth."

Whatever happens to other markets Lloyd's says that it will survive best. Lloyd's experience has shown that as new insurance markets open up, the competition in underwriting accounts into a loss; and then a sudden deterioration in the markets leads the newcomers to pull out. There is then a shortage of markets and rates go up again. Of course, Lloyd's has weathered many such cycles. But with each successive downturn Lloyd's takes fresh knocks. Lloyd's of London is not quite the league of amateur gentlemen that it used to be and claims that it has acquired a wholly professional image.

But it is experiencing some of the classic problems of growth, at a time when it is trying to preserve uncontrolled entrance on all Lloyd's syndicates to take whatever business is going, whatever its quality. The result is that the trend towards poor quality underwriting of poor risks could increase rather than decrease in the future.

The attitude of the Committee of Lloyd's to this is typically phlegmatic. It accepts that in any large market there are always people who will not conform with accepted standards and it stresses that the bigger anything grows then the more difficult it is to control the excesses.

When abuses of its market do occur Lloyd's acts swiftly. But the Lloyd's attitude of cure rather than prevention is cold comfort to those members who have come forward and provided the vital Lloyd's capacity. As one underwriter explained, "Our security is now no longer provided by really wealthy people. So it is now much more a part of our job to make a profit for them than it is to carry large risks. For whether they are wealthy or not they still stick their necks out for their collective wealth."

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UPS AND DOWNS OF LLOYD'S

| | PREMIUMS | CLAIMS | (Sm.) BALANCE | (after other credits and debits) | (as % of net premiums) |
|------|----------|---------|---------------|----------------------------------|------------------------|
| 1965 | 461.4 | 501.6 | -37.9 | -8.21 | |
| 1966 | 531.3 | 547.7 | -18.6 | -3.50 | |
| 1967 | 601.7 | 605.0 | -1.6 | -0.27 | |
| 1968 | 668.2 | 644.8 | 35.6 | 5.33 | |
| 1969 | 693.7 | 658.8 | 52.1 | 7.51 | |
| 1970 | 786.8 | 732.9 | 65.0 | 8.26 | |
| 1971 | 871.3 | 705.1 | 77.4 | 8.89 | |
| 1972 | 957.4 | 879.5 | 92.0 | 9.61 | |
| 1973 | 1,190.9 | 1,128.9 | 109.7 | 9.21 | |
| 1974 | 1,538.9 | 1,516.2 | 81.6 | 5.30 | |

1977 premium income has been estimated at £2bn.

Letters to the Editor

Accounting for inflation

From Mr. B. A. Rutherford and Mr. P. G. E. Boys.

Sir,—Professor Baxter's article ("Are the Hyde proposals strictly for lammings?" April 4) contains a number of substantial and damning criticisms of the accounting profession's latest response to the problems of accounting for inflation. We believe, however, that in pointing to one anomaly which results from Hyde's arithmetic, Professor Baxter has pulled his punch.

He considers the case where inventory prices rise but then fall during a single accounting period, leaving prices at the end of the period at the same level as at the beginning. He demonstrates that in this case the Hyde proposals will produce a credit to the profit and loss account, arising from adjustments to the historical cost of sales. He argues that, because the change in the historical cost value of inventory between the beginning and end of the period is entirely due to changes in the volume of inventory held, such a "correction" to profit is "absurd."

We believe that the adjustment is, on its own terms, perfectly valid. The Hyde cost of sales adjustment serves two purposes: (1) It provides a measure of operating profit which reflects current costs. (2) It provides a means of maintaining physical capital. However, the physical capital which is maintained by the cost of sales adjustment for any transaction is not the capital at the beginning of the accounting period, but rather the capital that has been invested in the stock being sold. The underlying assumption is that the value of the stock is maintained by the cost of sales adjustment. If the retained profit funding the expansion of stock is not itself capitalised, a figure of shareholders' equity grouping opening capital and holding gains or losses based on the assumption of continuous capitalisation will be meaningless.

In the case Professor Baxter cites, average stock volume during the period of falling prices will be higher than when prices were rising. Hence a cost of sales adjustment will be necessary to correct the overstatement as a result of using historical costs in the period of falling prices, which is greater (because of the higher stock volume) than the corresponding understatement from the earlier period. It is improper (given the terms on which the Hyde cost of sales adjustment is calculated) to examine the effect this has on opening capital. If opening capital is to be maintained, a separate adjustment must be made.

If our explanation is correct, the result obtained by Professor Baxter will be viewed as absurd, not only by those who share his view that the "reliable adjustments of CPP would be far better" than a current value adjustment, but also by those who accept a physical capital maintenance approach, but prefer to maintain opening capital. B. A. Rutherford, P. G. E. Boys, Faculty of Social Sciences, Eliot College, The University, Canterbury.

Triggers and steel products

From Mr. Peter D. Ehrenhaft. Sir,—Passing through London recently after attending the meeting of the GATT Anti-dumping Committee, I read the article in the issue of Saturday, April 8, by your correspondent

in Rio, entitled "Fascism thalised technology and long experience of constructing unlined caverns underground where LPG is safely stored in large quantities. The methods of pumping LPG in and out of such facilities have been refined to ensure that damage to the surface, even to a substantial depth, will cause no damage to the stored product, the depth of which is usually over 100 metres below the surface."

While Mr. Fishlock's quotation is probably true, the failure of the Health and Safety Commission to make any reference to underground storage when discussing safe methods of storing hazardous materials like LPG is a surprising omission. D. G. Homfray-Davies, Director, Geostora, 49, Moorgate, E.C.2.

Let sleeping partners lie

From Mr. Gordon Lamb. Sir,—With regard to your report in today's paper that Parliament is to be asked by Mr. Robert Aldridge, Tory MP, to approve research to prevent loss of sleep for partners threatened by snoring. Even partners of early man, especially when marauding tribes or wild animals could be easier located than at night. Their problem was solved by ensuring that each individual slept face downwards with the head supported by the chin. This kept the mouth shut tight and peace prevailed. Modern man must of course dispense with a pillow.

Definitions of design

From Mr. Stuart Pugh. Sir,—The Report of Helen Robinson's speech to the Society of Industrial Designers and Designers which appeared in your column on April 5, taken together with Sir Peter Carey's remarks reported on March 14 are illustrative not only of the dichotomy of design in the country, but also the contributions to this dichotomy brought about by the increasing emphasis being placed nationally on so-called "Industrial Design."

Efforts continue to reconcile the unreconcilable since "industrial design" as it seems to be understood in the U.K. has and is being developed as a separate design entity to such an extent that the Design Council has had recourse to produce separate definitions for "Industrial Designers" and "Engineering Designers" (Engineering, February 1978).

"The Industrial Designer is a person who is competent himself to design products having small to medium engineering complexity but high aesthetic significance and to collaborate with engineering designers on the technical aspects of more complex products. The Engineering Designer is a person who is competent himself to design products having medium to high engineering complexity, but whose aesthetic significance is relatively low, and to collaborate with industrial designers where the aesthetic significance is high."

What worries me, is how to keep some sleeping partners in a business quiet! Gordon D. J. Lamb, 57, West Hill Road, Luton.

The secret of the ballot

From Mr. M. F. Taylor.

Sir,—In a comparatively short time it seems that this country will hold a general election. I should be grateful if you could lend your weight to an attempt to obtain a genuinely secret ballot.

At each of the last three elections I have complained to the local officials that the number of my votes in the register is entered on the counterfoil of my ballot paper. It is thus possible for my vote to be checked against my name at a later date. I have heard all the assurances that "of course the counterfoils are kept sealed and so are the voting papers after they have been counted, and destroyed subsequently." But I am not so naive as to believe that extreme Right or Left-wing factions in power would hesitate very long if it suited their purpose to check on the way individuals vote.

Will the present Prime Minister and Leader of the Opposition give a pledge that in the next general election our votes will be made truly secret? If not, why not? M. F. Taylor, Woodside Way, Penn, Bucks.

GENERAL Central Treaty Organisation Foreign Ministers meet, Lancaster House, W.I.
Mr. Albert Booth, Employment Secretary, speaks at Scottish TUC conference, Aberdeen.
CBI Council meets.
Mr. Malcolm Fraser, Australian Prime Minister, begins two-day economic talks in Tokyo with Mr. Takeo Fukuda, Japanese Premier.
Mr. Harold Lever, Chancellor, Duchy of Lancaster, speaks at Small Business Association lunch, Waldorf Hotel, W.C.2.
Mr. Peter Shore, Environment Secretary, speaks at National Council for Building Material Producers' lunch, Savoy Hotel, W.C.1.

To-day's Events

PARLIAMENTARY BUSINESS House of Commons: Wales Bill, committee.
House of Lords: Scotland Bill, committee. Import of Live Fish Bill, report stage. Aviation Security Fund Regulations 1978. Select Committees: Nationalised Industries (sub-committee B). Subject: Electricity supply industry (re-organisation). Witnesses: Electricity Council (10.45 a.m. Room 8). Expenditure (Social Services and Employment sub-committee). Subject: Employment and training in the new unemployment situation. Witness: Mr.

Edward Heath MP, chairman. All-Party Lobby on Youth Affairs (3 p.m., Room 8). Public Accounts. Subject: Appropriation Accounts. Witnesses: Department of Energy; Scottish Development Department (4 p.m., Room 16). Expenditure (Environment sub-committee). Subject: Planning procedures. Witnesses: Mr. Reginald Freeson, Foulsham Minister (4 p.m., Room 5). European Legislation. Subject: Oil Stocks. Witness: Mr. Anthony Wedgwood Benn. Energy Secretary (4.15 p.m., Room 16). Overseas Development. Subject: Renegotiation of Lomé Convention.

Witnesses: European Investment Bank (4.30 p.m., Room 6). Race Relations and Immigration. Subject: Effects on EEC membership of race relations and immigration. Witnesses: Home Office officials (4.30 p.m., Room 14). OFFICIAL STATISTICS Basic rates of wages and normal weekly hours (March). Monthly index of average earnings (February). Cyclical indicators for the U.K. economy (March). COMPANY RESULTS Burnham Oil (full year). Delta Metal (full year). Sun Life Assurance Society (full year). COMPANY MEETINGS See page 23.

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company meetings

Tilling well placed for profitable growth

Last year there was also a \$25,000 from the capital redemption fund. The general insurance business contributed a £20,763 (£22,298) loss from subsidiary companies. The life and non-life business had a new premium income of £2.3m, with 45 per cent of this in respect of with-profits policies, compared with 32 per cent last year and 35 per cent in 1975. Directors say this reflects their efforts to replace without profits whole life business.

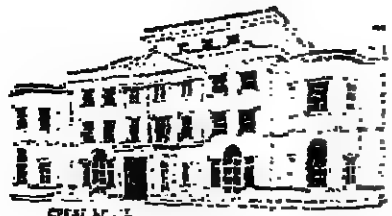
The overall gross interest rate earned during the year rose from 10.05 per cent to 7.64 per cent. Long term funds rose from £77.5m.

These were offset by profits transferred from the investment reserve of £200,000, the sum of £100,000 during the year, and investment income. This resulted in a pre-tax profit of £17,000 (£167,000 loss). Overseas taxation and the final writing down of goodwill were covered by an additional transfer from investment reserve of £50,000.

The profit forwarded by the subsidiary in its profit and loss account was £17,000 (1976 £10,000) and after making the transfers referred to above, the investment reserve at the end of



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Thomas Tilling Limited

Highlights from 1977 Annual Report.

Profit before tax up by 29% to record **£54 million.**

Total dividend of 4.315p per share – an increase of 24%.

£28m. invested in capital equipment – mainly in the UK.

£13m. spent on acquisitions at home and overseas with a further £18m. to date in 1978.

Balance sheet gearing was further strengthened and the Group is well placed for further international expansion.

| | 1977 £million | 1976 £m |
|--------------------------------|------------------|------------|
| Sales | 811 | 671 |
| Profit before interest and tax | 63 | 52 |
| Profit before tax | 54 | 42 |
| Per Ordinary Share | | |
| Earnings | 18.3p | 16.4p |
| Dividend | 4.315p | 3.485p |
| Net tangible assets | 102.5p | 95.2p |

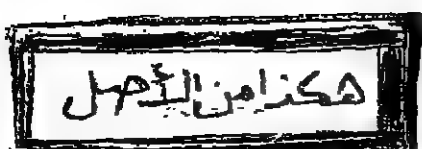
Principal Companies of the Group

| | |
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| BUILDERS' MERCHANTS Graham Building Services | INSURANCE Cornhill Insurance |
| CONSTRUCTION MATERIALS AND SERVICES Palmer's Scaffolding William R. Selwood Tilling Construction Services | MEDICAL SUPPLIES International Medical Supplies & Services |
| ELECTRICAL WHOLESALE Newey & Eyre | PUBLISHING AND PRINTING Holtzmann Publishers Cox & Wyman |
| ENGINEERING Clarkson Industries (USA) DCE Vokes Gascoigne Gush & Dent Hansen Transmissions International Noburn | TEXTILES Pretty Polly |
| FURNITURE Rest Assured | TILES AND POTTERY Pilkington's Tiles |
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OCL still hit by disputes

FROM TURNOVER of £280.15m, one quarter of Western Europe, compared with £220.68m, taxable profit of Overseas Containers climbed from £42.55m to a peak of £58.74m in the year to November 30, 1977.

And profit would have been £7m higher but for the increase in the value of sterling, and a further £2m ahead but for disputes at its new container terminals at Tilbury and Southampton.

After tax of £26.13m (£22.4m), and minority interests of £1.85m (£1.32m), attributable profit was £20.73m (£18.82m). Dividends totalling £18.58m (£16.51m) will be paid. Ocean Transport and Trading, Peninsular and Oriental Steam Navigation and Furness Withy own some 98 per cent of the shares.

OCL is in dispute with the Inland Revenue as to the allowance of exchange losses on foreign currency loans of a wholly owned subsidiary. Because of its legal advice it has made no provision for the additional £16m of tax which would be payable if it loses the dispute. The existing tax provision could be reduced by £8m if OCL wins.

Mr. R. O. C. Swayne, the chairman, says that the profitability of the group continues to be affected by the container terminal disputes. Overall profits for 1978 are expected to be slightly lower than in 1977 owing to currency changes, competition and the South African trade position.

He says the prolonged delay in the revival of world trade seems likely to continue through the year and will affect its services. In particular the low level of imports into South Africa will mean partly full ships and losses on its Conference service to that country.

Competition from the Trans-Siberia Railway seems certain to continue. It now carries almost

one quarter of Western Europe, Japan trade, and Mr. Swayne says it could develop into a more serious threat to the overseas transport system than government subsidised liner shipping.

Eastern Bloc shipping and a developing surplus of cellular and roll-on, roll-off tonnage in the Mediterranean, on order could threaten but should not yet seriously affect the stability and profitability of some of its liner trades.

In 1977 the opening of the South Africa container Conference was one of the major developments, but competition from outside lines operating ships converted to carry containers forced it to begin trade from the Mediterranean, the U.K. and Northern Europe ahead of schedule in June, with whatever ships were available.

"With the dispute at Southampton, a much depressed southbound trade, and pressure on rates from competition, it was an inauspicious beginning and the financial result was disappointing," Mr. Swayne says.

OCL is still using feeder ships to the continent for South African trade because of the Southampton dispute and the effect on the service has been serious.

The other major development was the inclusion of New Zealand in the Europe-Australia container service.

Mr. Swayne is also concerned about the pressure to reduce imports of New Zealand lamb, increasing the U.K. price of lamb and spelling disaster for NZ agriculture, it would place at risk to large specialised investment by OCL and ACTIA in the carriage of refrigerated products from NZ.

St. Katharine Security, The Alexandra Mangle Manufacturing Company (Liverpool), Jandel Fashions, Superior Daily Office and Window Cleaning Company, Hatchwood Builders, Keswick (Fancy Goods), Mortlake Direct Mail, Fibreco, Scherzo Investments.

Further Deals, Novissimo, John Henry Morgan, Goff's Haulage, Burnham Laminates, Horizon Windows, Nicol and Hastings Investments, Associated Marine Distributors, Scheduled Steels, Rocofo (Fencers), Point Freight, Murphy and Dunkley.

Greyston, Associated Development Holdings (Finance), Anthony Harris, J. R. Brown (Records), Barrie Lane (Electrical Contractors), Aegle Bulk Foods, Evereholt Printing Works, Grange Electrical (Contracting), Bre-An

A compulsory winding up order made against Barking Marine and Engineering Company on April 10 has been rescinded. By consent the petition was dismissed.

A compulsory winding up order made against Willesdon Plant Hire on April 10 was recalled, the company already having been struck off in 1976. Leave was given to amend the petition and restore it in 21 days.

A compulsory order made against Masaka on March 20 has been rescinded and the petition dismissed by consent.

Financial Times Wednesday April 19 1978

Improvement for Hawker

EXCLUDING THE four months trading of its former U.K. aerospace subsidiaries—nationalised on April 28, 1977—Hawker Siddeley Group improved pre-tax profits from £72.98m to £94.98m in 1977.

When the aerospace contribution of £32m for the four months ending March 31, 1978, is included then the profit comes through at £108.68m, compared with £82.38m. At midway the improvement was from £94.7m to £85.3m.

Yearly earnings per 25p share are stated at 26.1p (25.5p) and the dividend is lifted from 3.684p to 4.089p with a final payment of 3.201p net.

Direct exports from the U.K. during the year accounted for 45.2 per cent (43.7 per cent) of sales, and totalled £295m (£299m).

Electrical engineering gave £86.2m (£87.9m) to profits and mechanical engineering £54.5m (£57.5m).

At December 31, net cash in hand was £28.8m (£14.4m). Loans amounted to £43.7m, have been repaid to date since vesting and following discussions with British Aerospace, the company agreed to forego repayment of loans of £4.3m, as this amount would be more appropriately dealt with in the compensation negotiations for the shares.

Negotiations have not yet commenced with the Government on the amount of compensation to be received for the value of the shares. It is expected that compensation will exceed the book amount. A payment on account of £3.1m has been received in 1978.

Excluding the former aerospace companies, the profit before tax of the group adjusted for inflation is given at £80m.

Again excluding the former aerospace companies, the tax charge after applying ED19 would be reduced to £36.4m.

In summary, the historic attributable balance of £46.1m, after application of ED19 and adjusting for minorities would be increased to £66.9m. And adjusting also for the effect of inflation after minority interests would then reduce to £22.4m.

The balance sheet at December 31, 1977 (excluding aerospace subsidiaries) shows fixed assets at £241.85m (£207.15m), current assets at £488.5m (£371.2m) and current liabilities at £261.4m (£226.1m).

1977 1976
Sales excluding former U.K. aerospace subs. £23,000 £24,000
Former aerospace subs. £2,000 £2,000
Yearly £25,000 £26,000
EXCLUDING FORMER AEROSPACE SUBS.
SUBSIDIARIES:
Trading profit £1,000 £1,000
Interest received £500 £500
Profit before tax £2,500 £2,500
U.K. tax £1,000 £1,000
Overseas tax £1,500 £1,500
Net profit £2,000 £2,000
Minority profits £200 £200
FORMER U.K. AEROSPACE SUBSIDIARIES:
SUBSIDIARIES:
U.K. FULL YEAR:
Trading profit £10,000 £10,000
Interest paid £1,000 £1,000
Pre-tax profit £9,000 £9,000
Tax £4,000 £4,000
Net profit £5,000 £5,000
TOTAL PRE-TAX PROFIT £10,000 £10,000
Total surplus £10,000 £10,000
Extraordinary dividend £10,000 £10,000
Pre-tax dividends £10,000 £10,000
Ordinary dividends £10,000 £10,000
Retained £20,000 £20,000
After depreciation of £1,000 (£1,000) £1,000 (£1,000)
After £19,000 £19,000
Release of provision no longer required, £1,000 (£1,000)
Due to differences arising on the translation into sterling of overseas net assets for the purpose of the consolidated accounts.

Winding-up orders

Orders for the compulsory winding up of 66 companies have been made by Mr. Justice Oliver in the High Court. They were:

J. W. Maxwell and Sons (Newcastle), Kerry and Hilton, Spavinto, Marshwood Properties, Sabrepoint, Limestone Investments, Starcross Securities, Omers Company, Northbourne Golf Club (Bournemouth), Forty Park Street Properties.

St. Katharine Security, The Alexandra Mangle Manufacturing Company (Liverpool), Jandel Fashions, Superior Daily Office and Window Cleaning Company, Hatchwood Builders, Keswick (Fancy Goods), Mortlake Direct Mail, Fibreco, Scherzo Investments.

Further Deals, Novissimo, John Henry Morgan, Goff's Haulage, Burnham Laminates, Horizon Windows, Nicol and Hastings Investments, Associated Marine Distributors, Scheduled Steels, Rocofo (Fencers), Point Freight, Murphy and Dunkley.

Greyston, Associated Development Holdings (Finance), Anthony Harris, J. R. Brown (Records), Barrie Lane (Electrical Contractors), Aegle Bulk Foods, Evereholt Printing Works, Grange Electrical (Contracting), Bre-An

A compulsory winding up order made against Barking Marine and Engineering Company on April 10 has been rescinded. By consent the petition was dismissed.

A compulsory winding up order made against Willesdon Plant Hire on April 10 was recalled, the company already having been struck off in 1976. Leave was given to amend the petition and restore it in 21 days.

A compulsory order made against Masaka on March 20 has been rescinded and the petition dismissed by consent.

St. Katharine Security, The Alexandra Mangle Manufacturing Company (Liverpool), Jandel Fashions, Superior Daily Office and Window Cleaning Company, Hatchwood Builders, Keswick (Fancy Goods), Mortlake Direct Mail, Fibreco, Scherzo Investments.

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Scottish Widows bonus

Scottish Widows' Fund and Life Assurance Society, the Edinburgh-based mutual which does most of its business in the North of England, has declared a record bonus of 4.7 per cent on existing sums assured and vested bonuses for ordinary with-profits policies, and 5.5 per cent on with-profits policies in the pension fund, for the three year period 1975-77.

Gratifying though it is to have been able to declare such bonuses, however, neither Scottish Widows' chairman, Mr. A. I. Mackenzie, nor its general manager, Mr. G. Kingsnorth, is making any promises about the future level of bonus rates. That will, they say, depend principally on investment conditions and the rate of inflation, neither of which it is possible to forecast.

By dint of holding down the rate of growth in new business, the company has managed to concentrate on investment in government securities rather than equities. This policy changed during 1977, and by the final quarter of the year the society was putting more into equities than into fixed interest stocks. Its officers decline to comment on its present investment policy, however, until the end of the year. The balance sheet shows that, of total investments of £1.1bn, British Government securities accounted for £495m, equities for £445m, and which will have to put off the mortgages and loans for £160m.

In addition to the bonuses declared on with-profits contracts in the life assurance and general annuity funds, and in the pension fund, the society has declared a bonus of 1.5 per cent on all with-profits group pension contracts in force at the beginning of this year, for each year or part of a year that the contract has been in force; and a rebate of 1 per cent on all permanent health insurance contracts in force at the beginning of this year.

The revaluation reflects the success of the group's investment policies, which have, over the past three years, tended to concentrate on investment in government securities rather than equities. This policy changed during 1977, and by the final quarter of the year the society was putting more into equities than into fixed interest stocks. Its officers decline to comment on its present investment policy, however, until the end of the year. The balance sheet shows that, of total investments of £1.1bn, British Government securities accounted for £495m, equities for £445m, and which will have to put off the mortgages and loans for £160m.

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Trade Development Bank Holding S.A.

Report of the Chairman of the Board to the Shareholders (extract)

For our Group, 1977 was a year of steady progress, even though many of the leading economies of the world did not realize the full recovery anticipated late in 1976. At 31st December 1977, the Group's total consolidated assets amounted to US\$ 4,168.4 million against US\$ 3,252.2 million the previous year. Deposits increased by 27.8% to US\$ 3,498.4 million against US\$ 2,738.4 million, while capital and loan funds employed—including minority interests—at the year-end reached US\$ 433.4 million, against US\$ 317.4 million at the end of 1976. Net earnings after taxes, minority interests, transfer to income reserves and provisions to cover risk of losses amounted to US\$ 28.6 million or US\$ 1.74 per share, compared with US\$ 23.1 million or US\$ 1.41 per share in 1976. While it is too early to forecast with any degree of accuracy the results for the coming year, the first quarter of 1978 has started satisfactorily.

The Board of Directors has decided to recommend at the Annual General Meeting the distribution of an unchanged dividend of US\$ 0.55 per share, free of withholding tax, payable on 31st May, 1978.

In view of the continued expansion of our banking subsidiaries, the Board decided to increase again the Group's capital funds. In this connection, we signed in November 1977, a

private placement agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated, providing for the issue of up to US\$ 20 million of 25 year serial notes. As of 17th March, 1978, a total of US\$ 16 million had been completed. Further, during 1977, our subsidiary, Republic National Bank Corporation, the parent of Republic National Bank, successfully issued US\$ 50 million of preferred stock and US\$ 35 million of twenty-five year debentures through Salomon Brothers and Merrill Lynch.

Combined with high retained earnings and a continued conservative approach to provisions and reserves, these issues ensure that the Group is well placed to support further growth from a strong capital base.

Your Board has consistently given priority to liquidity and to diversification of credit risk, and it is gratifying to report that the banks of the Group were able to sustain the policy despite the market conditions prevailing in the last twelve months. I could not say my report without expressing my gratitude to our ever growing number of clients for the confidence they have placed in us and to all the employees of the Group in our offices throughout the world, whose efforts have made possible the excellent results achieved during the year.

20th March, 1978
EDMOND J. SAFRA
Chairman

Consolidated balance sheet as at 31st December 1977

| Assets | 31st December 1977 (US\$ 000's) | 31st December 1976 (US\$ 000's) | Liabilities | 31st December 1977 (US\$ 000's) | 31st December 1976 (US\$ 000's) |
|---|---------------------------------|---------------------------------|--|---------------------------------|---------------------------------|
| Cash in hand and balances with banks | 1,006,304 | 689,377 | Deposits, balances due to customers and inter reserves | 3,498,442 | 2,738,355 |
| Bank certificates of deposit | 324,525 | 460,925 | Other liabilities | 236,569 | 196,485 |
| Precious metals | 113,781 | 65,223 | | 3,735,011 | 2,934,840 |
| Financial paper | 390,864 | 341,482 | Capital and loan funds: | | |
| Government and municipal bonds (USA and UK) | 307,775 | 279,387 | Sinking Fund Debentures 2001 | 50,000 | 50,000 |
| Other bonds | 311,314 | 244,095 | Sinking Fund Debentures 2002 | 35,000 | — |
| Current accounts and advances to customers | 1,577,755 | 1,067,457 | Convertible Subordinated Capital notes due 1997 | 12,490 | 12,604 |
| Investments | 5,086 | 6,570 | Other loans | 46,000 | 38,308 |
| Fixed assets | 42,642 | 36,623 | Minority interests in subsidiary companies | 96,376 | 41,228 |
| Other assets | 88,361 | 61,107 | Shareholders' funds: | | |
| | | | Share capital | 24,685 | 24,605 |
| | | | Reserves | 168,925 | 150,661 |
| | | | Total shareholder's funds | 193,610 | 175,266 |
| | | | Total capital and loan funds employed | 433,396 | 317,406 |
| | 4,168,407 | 3,252,246 | | 4,168,407 | 3,252,246 |
| | | | Contingent liabilities: Letters of credit and guarantees | 168,481 | 158,112 |

* amount which were forward sales of US\$ 107,825,000 in 1977 and US\$ 65,397,000 in 1976.

| For the year ended 31st December | | 1977 | 1976 |
|--|--|------------|------------|
| Net earnings after tax, minority interests and transfer to income reserves (US\$ millions) | | 28.6 | 23.1 |
| Earnings per share | | US\$ 1.74 | US\$ 1.41 |
| Number of shares outstanding | | 16,403,380 | 16,403,300 |

Principal Subsidiaries

Trade Development Bank, Geneva • Republic National Bank of New York, New York
Other offices and offices in Beirut, Bogota, Buenos Aires, Caracas, Chicago, Frankfurt, London, Luxembourg, Mexico City, Montevideo, Nassau, Panama City, Paris, Rio de Janeiro, São Paulo, Tokyo.

The 164th Stated Annual Meeting of the Scottish Widows' Fund and Life Assurance Society will be held at 15 Dalkeith Road, Edinburgh at 2.30 pm on Tuesday 9th May 1978.

The following are extracts from the Statement by the Chairman, Mr A I Mackenzie, CA, published in advance of the Meeting

Scottish Widows declares record bonuses

NEW BUSINESS. The restrictions imposed by Government policy on pay increases and, until August, on the introduction of pension schemes and improvements to existing schemes made 1977 a difficult year for new business. A further adverse feature for the Society was the loss of substantial business from the Federated Superannuation System for Universities (FSSU) to which I referred last year. It is therefore particularly pleasing in these circumstances to report that the new annual premium income for 1977 secured by the Society and our subsidiary, Pensions Management (SWPL) Ltd, at over £22.5M constituted yet another record, being 6% above the corresponding figure for 1976. If, for comparison purposes, the FSSU business is excluded for 1976, the increase in new premium income for the remaining business is 9%.

For the Society, new sums assured at over £580M were 6% lower but on the other hand new annuities (mainly deferred annuities in connection with pension schemes) increased by 12%.

A number of insurance brokers asked us to increase our range of equity linked policies and we were very pleased to be able to meet this demand by introducing the Investor Plan Ten contract.

Investment is in our highly successful Investor Policy Fund with the option, if the policyholder so wishes, to switch investments to and from the new Investor Policy Cash Fund in which the emphasis is on short-term fixed interest investments with security of capital. The contract is basically for a term of 10 years with options at the end of the term to extend the policy or to make periodic withdrawals to provide a regular tax free income. There has been an encouraging response to this new contract and we look forward to obtaining much good new business from this source.

We welcomed the removal at the beginning of August of the Government's restrictions on the introduction of new pension schemes and improvements to existing schemes. While the removal of these restrictions had only a small impact on new business for 1977, we have already received acceptances for new schemes starting in 1978 which exceed substantially the total for the whole of 1977.

SOCIAL SECURITY PENSIONS ACT 1975. The major efforts of our pensions organisation have been directed to advising and assisting clients in deciding whether or not to contract-out of the additional earnings-related component of the new State scheme. The technical and administrative problems were complex; for example, the preparation of the necessary documentation was in itself a gargantuan task, and additionally quotations were required for every Group pension scheme on our books so that employers could understand the implications of the alternative courses available to them.

While we realise that the Occupational Pensions Board and the Superannuation Funds Office of the Inland Revenue have also been subject to considerable pressure of work, we hope that steps will now be taken by these bodies to reduce very considerably the time taken to approve standard forms of document.

INVESTMENT. The year was remarkable for the strong recovery in confidence in the prospects for the United Kingdom based principally on the improvement in the balance of payments as oil began to flow from the North Sea. These better prospects brought strength to the pound and this is assisting in the reduction of the inflation rate as is the latest phase of incomes policy which has been more successful than might have been expected. However, rates of pay settlement continue to be higher than is compatible with a lowering of the inflation rate into single figures for more than a temporary period and much still remains to be done by government, management and unions if the full benefits of North Sea oil are to be realised.

In previous statements when dealing with the Society's funds excluding our subsidiary, Pensions Management (SWPL) Ltd, I have reported our commitment to British Government securities in preference to equities strengthened during 1975 and was almost complete during 1976. This policy was continued during the first quarter of 1977 but as the year proceeded the proportion of new money invested in equities was increased and by the final two months investment in equities was at a higher rate than in Government securities. Our concentration on Government securities in the eighteen months or more to the end of the first quarter of 1977 has been amply justified by a capital performance similar to or better than that available from ordinary shares and, of course, a substantially greater income to date and for many years to come.

Of a total of £98M becoming available for investment in 1977, £57M was invested in British Government securities and £31M in UK equities while £10M was retained in short-term deposits which were also increased by £2M as a result of net sales of other classes of security.

The total sum held on deposit at the end of the year was £26M, part of which was held against specific liabilities of a cash nature and part against a currency exchange arrangement finally completed in February 1978 under which we received US \$10M in exchange for sterling. Since the year end we have committed much of the balance to the UK gilt edged and equity markets on better terms than had been available.

During the year prices of US common stocks fell to levels which seemed attractive on a long-term basis but with sterling strengthening against the dollar and the investment currency premium still high, it was felt that loans and currency exchange arrangements were preferable to outright purchases of shares. We therefore borrowed \$5M for a five year period and a further \$2M on a temporary basis pending the completion of the \$10M currency exchange referred to above.

The Investor Policy Fund and the Investor Policy Cash Fund form part of the Society's long-term insurance fund and the investments—mainly in UK equities and US common stocks in the case of the Investor Policy Fund—are included in the Balance Sheet under the appropriate heading.

During the year the major part of the new investment in the Investor Policy Fund was concentrated in UK equities and at the end of the year the distribution was UK equities and convertibles 87%, US common stocks and other overseas equities 9%, and net current assets 4%.

REVENUE ACCOUNTS AND BALANCE SHEETS. In the consolidated account, you will see that annual premiums exceed £108M and total income exceeds £197M. Investment income has increased by £13M (20%) assisted by the high yields on British Government securities and substantial increases in dividends on equities as well as increased rents on property investments. Expenses of management have increased by about £0.7M (16%) reflecting mainly the small increases in salaries permitted under Phase 2 of the Government's Pay policy. With the partial relaxation under Phase 3 of the Pay policy the increase in expenses of management will be higher in 1978.

Following the strong rise in security prices during the year, the Society's investments, appreciated by £213M. The Directors decided therefore to transfer £60M back to the life and annuity funds which now restores to the funds the balance of the amounts transferred to the investment reserves to meet the depreciation on our investments at the end of 1973 and 1974. The Directors also decided to transfer the General Reserve of £0.5M, which has appeared in our Balance Sheets since 1938, to the investment reserves. After allowing for these transfers and other adjustments, investment reserves at 31st December 1977 stood at £207M as stated in the Balance Sheet.

BONUS DECLARATION. A full investigation of the Society's position and a distribution of surplus was made at the end of the triennium 1975/77 and details are given on pages 4 to 6 of the Report. This investigation enabled the Directors to declare a record reversionary bonus of 4.70% on existing sums assured and vested bonuses for ordinary with profits policies and 5.50% for with profits policies in our pension fund. The cash bonus on with profits Group Pension policies has been increased substantially to 1.50% for each year or part of a year a policy has been in force during the triennium calculated on the average with profits reserve over the period.

The rates of interest used in the valuations of the various classes of business are shown in the report on the triennial investigation. The average gross rate at under 6% is substantially less than the gross interest rate of 10.12% earned on the Society's funds and once again demonstrates the immense strength of the Society. Bonuses depend on a number of uncertain factors such as the rate of interest at which new money can be invested, the rate of inflation and not least the amount of new with profits business which a life office underwrites. It would be unwise to come to any decision on the rates of bonus to declare from the results of a valuation on a single basis, and consequently the Directors had before them a series of valuations on several different sets of assumptions concerning the level of future interest rates, the future rate of inflation and the future expansion of business. These valuations give a spectrum of future bonus rates on the various assumptions made, showing, for example, the effect of a significant fall in interest rates, and it is only after considering the results of all these valuations that the Directors decide the rates of bonus. While we can and do control the expansion in our with profits business, I cannot emphasise too strongly that future bonus rates will depend primarily on investment conditions and the rate of inflation, neither of which is it possible to forecast.

WILSON COMMITTEE. The Life Offices' Associations joined with other insurance associations in submitting evidence to the Wilson Committee set up by the Prime Minister to review the functioning of financial institutions. We are pleased to see that the persistent theme of virtually all the evidence submitted so far by other sources confirms the view of the insurance industry that the United Kingdom's poor investment record is not due to deficiencies in the supply of finance or to irresponsible management on the part of the financial institutions but has been the inevitable consequence of inflation, inadequate profits, and hence low returns on industrial investment, and of the high rates of interest on British Government securities.

I would also stress the point made by the insurance industry that the prime role of the industry is not investment but the provision of life and other insurance cover. The Society will not have money for investment unless our network of branches sells the Society's policies. I think that our results show how highly successful our sales force has been in this task.

LEGISLATION. During the past few years, there has been a plethora of legislation affecting the conduct of businesses in this country and the insurance industry has not been immune. A great deal of the time of senior management has been taken up with understanding the legislation and in taking the necessary steps to ensure compliance with it. This is non-productive work and I would make a special plea that Governments should reduce new legislation to a minimum for the next few years to give management the breathing space to digest the recent legislation and much more important to get on with the job of running their businesses profitably.

FUTURE OUTLOOK. As I said last year, with the ever increasing flow of oil from the North Sea, there is no reason why the prospects for Britain, if only we do not squander the opportunity, should not be better now than they have been for the whole of this century—and the Society's policyholders would share in this prosperity. It is however still essential that the Government should continue to pursue policies which will lead to a further substantial reduction in the rate of inflation.

The results of the past triennium have demonstrated the success of our investment policy and the quality of our management during a period of high inflation and of rapidly changing fortunes on the stock market. It is not particularly difficult for any life office to declare comparatively high bonus rates at a time when interest rates on new investments are extremely high. The Society's long and outstanding record has been achieved in all kinds of circumstances. We are proud of it, and we are confident of our ability to continue to provide the best results for our policyholders.

SCOTTISH WIDOWS
A better life assurance

BIDS AND DEALS

Atlantic Assets buys 29% of Ivory & Sime

Atlantic Assets, the 587M investment trust under the management of Ivory and Sime, has bought a 29 per cent stake in the company.

Mr. Maasdijs said that the price at which Amex Bank acquired its shares two years ago, had been established in part by reference to Ivory and Sime's earnings, and in part by reference to its prospects—once the more to internationalise the company was under way. Ivory and Sime made pre-tax profits of £240,000 in the year to the end of April, 1977, and while Mr. Maasdijs was not prepared to give any indication of the level of profits to be achieved in the current year, he pointed out that they had risen for every one of the last ten years.

Atlantic Assets' chairman, Mr. John Sheffield, is to join the Board of Ivory and Sime. Another member of Atlantic Assets' Board, Mr. Jimmy Ganimel, is already a non-executive director of Ivory and Sime.

WESTON EVANS

Mr. Graham Ferguson-Lacey and Mr. Cecil McBride were revealed yesterday as the purchasers of the 29.9 per cent stake in Weston-Evans Group, the engineering concern, which has just been sold by Barrow Hepburn Group. It emerged on Monday that a 28.5 per cent holding in Yorkshire and Lancashire Investment Trust, sold at the same time by Barrow Hepburn, had been bought by Hambro, which is controlled by Ferguson Securities, a private company which Mr. Lacey and Mr. McBride control. Weston-Evans said that Manchester Nominees had acquired the holding of 1.89m of shares on behalf of the interests of Mr. Lacey and Mr. McBride, both of whom had been invited to join the Board of Weston-Evans. The

ASSOCD. LEISURE

In a circular to shareholders giving details of "three recent acquisitions, Lord Jessel, chairman of Associated Leisure, confirms his earlier forecast that 1977/78 profits would be "satisfactory". The acquisitions were in line with a policy of expanding interest in the hotel and holiday sectors. A pro-forma balance sheet showing the effects of the acquisitions has the fixed assets up from £5.5m to £14.5m; and net current assets of £2.7m, changed to net current liabilities of £0.2m. However, this is based on figures which are now over a year old.

YULE CATTO MOVES

Yule Catto has put its Malaysian plantations into a new company, Yule Catto Plantations Sdn Bhd, and agreed to sell 85 per cent of it to Johore State Development Corporation for \$M12.6m. (25.3m). The formation of this new company with Bumpitua partners is in line with the economic policy of the Malaysian government. Yule Catto believes the partnership will enable it to develop additional activities in Malaysia, possibly downstream operations in rubber and palm oil. The net assets of Yule Catto Plantations at October 29, 1977, were \$M33.9m, and its pre-tax assets in the latest financial year were \$M3.6m. The proceeds will mostly be used for further investment overseas, said Lord Catto, chairman of Yule Catto, yesterday. Meanwhile, the company has agreed to buy Thomas Bell and

Co. Liverpool for £180,750 cash and 648,000 shares of Yule Catto. Thomas Bell is an export trader specialising in motor vehicle parts. Yule Catto intends to expand it at home and possibly overseas. Thomas Bell's net assets at the latest balance sheet date were £273,436.

Tunnel's £1m. deal

Tunnel Holdings, the cement group which is in the process of broadening its non-construction linked base, has strengthened its interest in a new process of toxic waste disposal by a £1m. deal announced yesterday.

Tunnel has taken over Crossford Pollution Services, a private company which owns the UK royalty rights to the "Sealosafe" process. The company was previously owned by the two inventors of the process, Mr. D. Corn and Mr. E. N. Ross. The consideration is £277,700 in cash and 275,000 new "B" shares in Tunnel. Crossford's other asset was a 4.3 per cent stake in Leigh Interests, the waste materials, builders merchants and fuel contracting firm which is a UK licensee of Sealosafe.

Tunnel has now disposed of Crossford's stake in Leigh; 49 per cent of it has been purchased by Mr. Ross who thereby retains the stake in Leigh he owned previously through Crossford, the remainder has been placed in the market. The sale raised £212,300 for Tunnel.

Leigh and Tunnel already have close trading links in the Sealosafe process. The two companies have a 50:50 interest in a toxic waste holding plant on a former Tunnel cement works site in West Thurrock. In addition Tunnel is the major partner in two other companies established to develop the process both in the UK and abroad.

In its own right Leigh is manufacturing the polymer used to contain the toxic wastes and has installed a second plant. Yesterday, Leigh's managing director, Mr. J. R. Desington, said that last year Sealosafe accounted for about 10 per cent of group turnover but with the new plant and a contract for the process in Japan, future sales and profitability would substantially improve.

BOC/AIRCO

BOC International has made its formal offer to purchase at 350 cash any and all of the 6m. Common shares of Alcoa Inc. still in the hands of public stockholders. Lazard Freres will act as tender-manager of the offer. BOC also offered to acquire any and all outstanding 3 1/2 per cent convertible subordinated debentures at \$1,600 per \$1,000 principle amount of debentures. BOC holds about 34 per cent of total shares outstanding. Expiration date of the offer is April 28.

MILN MARSTERS

Hilleskog, the Swedish agricultural seeds group, poised to make a full 200p a share bid for Miln Marsters has agreed to purchase further shares in the group—subject to Exchange Controls—which will increase its stake to 51.4 per cent.

BRAITHWAITE

Braithwaite and Co. Engineers has acquired the private company, Plastic Recycling of Worcester, at a net cost of some £85,000. Consideration for the acquisition will be nil, but Braithwaite has agreed to guarantee the outstanding liabilities of Plastic amounting to £200,000 as at January 29, 1978. Plastic had total assets after depreciation of £130,000.

94p offer for Walker (U.K.)

The bid approach for Walker Sons and Co. U.K., the group with engineering interests in Sri Lanka, has now crystallised into a formal offer from Anglo-Indonesian, the tea and rubber estates concern which has recently been diversifying into agricultural engineering.

The offer is one share of Anglo for every Walker share, valuing Walker's equity at £223,000 on yesterday's price for Anglo of 84p. Irrevocable acceptance has been won from Peninsular and Oriental, which owns 44 per cent of Walker's shares, and from Mr. Selwyn Prior, an Anglo director who holds 10 per cent of Walker; so the offer is a technical shunt with Anglo already controlling 54.96 per cent.

If the offer succeeds Anglo will also get the rights to all past dividends, because of difficulties in repatriating funds from Sri Lanka, have been declared but not paid since 1971. Together with the preference share dividends, the total outstanding amounts to some £170,000.

Yesterday, however, Mr. Michael Nightingale, chairman of Anglo, said that the dividend position was not a factor in the proposed acquisition. Anglo intended to con-

tinue to develop Walker's engineering business in Sri Lanka which would complement the 30 per cent interest Anglo recently acquired in agricultural tool makers, Eve Industries in the UK.

Walker was one of the largest commercial groups in Sri Lanka where Anglo last year bought Central Province Ceylon Tea Holdings, previously owned by Mr. Prior. The latter's knowledge and experience in Sri Lanka provided a good basis for investing in Walker, Mr. Nightingale said.

Walker's ordinary shares were reinstated on the market following the announcement and rose from 34p to match the bid. The preference shares are still suspended, however, as negotiations for an offer for them are still continuing. Anglo owns £25,000 of the £144,000 preference stock.

HANGER-BUYS

Hanger Investments, the Birmingham-based Ford main dealers, is to extend its truck distribution business into leasing with the purchase of V8 Self Drive, the Stoke-on-Trent-based truck hire company, for £1.95m. cash. V8, which earned pre-tax profits of around £320,000 in the year to February 29, 1978, oper-

ates a fleet of 1,000 vehicles, principally medium vans and heavy commercial vehicles, in the UK. Hanger already runs a car hire and leasing business and has been looking for some time to extend its leasing and hire interests into trucks.

Mr. Peter Adams, Hanger's chairman, said yesterday: "The new company gives us the opportunity to enter this fast growing market and clearly dovetails with our existing businesses."

WACE GROUP

Blade Investments has sold the 24.5 per cent stake in Wace Group which it acquired about three months ago. The purchase of 29.35 per cent stake in Wace—printing plate manufacturers—by Blade and its associate Energy Finance and General Trust, in January, was followed by the resignation of the Wace chairman, Mr. A. Lambert, and the appointment of two new directors, Mr. R. G. Day and Mr. J. D. Robertson.

Blade Investments has now sold its stake at 33p a share for £91,000. Last night Wace shares, which have been the subject of takeover speculation in recent months, closed at 38p (up 1p).

'We mean business'

...prices frozen for the rest of 1978

Advertised rates for Royal Mail Parcels have not changed since June 1977—and now they are to be frozen again—at least until the end of 1978.

Britain's biggest and most reliable nationwide parcel delivery service invites you to fill in this coupon and learn more about the national, regional, local and contract services we offer.

SO LET'S TALK NOW.

Royal Mail Parcels

Return this coupon to: Mr G Ghosh, FREEMAN, Room 434, Postal Headquarters, St Martin's Lane, LONDON EC1B 1HQ.

Please ask your postal representative to telephone me.

Please send me: A copy of your specially commissioned article "Own vehicle fleet costs versus carriers' prices" by J. R. Kelly. A copy of "Royal Mail Parcels: a pocket guide".

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Company _____

Address _____

Postcode _____ Tel No _____

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LEEDS & HOLBECK BUILDING SOCIETY

At the Annual General Meeting of the Society held on 15th April, 1978, the President, Sir Frank Marshall, M.A., L.L.B., moved the adoption of the accounts for the year ended 31st December, 1977 and the following are extracts from his speech:

We commenced the year with a paid-up share interest rate of 7.5% and a mortgage rate of 12.25%, perhaps the highest on record. Investment funds were not readily available during the early months of the year and yet the position changed dramatically following a reduction in Minimum Lending Rate in the month of May and funds commenced to flow back into building societies at a high rate which continued almost without abatement until the end of the year. The progressive reduction in Minimum Lending Rate throughout most of the year was a contributory factor in reducing the competition for funds with which we have been faced for so many years.

ASSETS
It is a great pleasure after so many years of famine to be able to report a year of comparative plenty, during which the Society's assets increased by almost £28,750,000 or 20.53% to a total of £138,711,000.

Progress in terms of increased assets is, however, in itself nothing of great distinction but to achieve a commensurate level of surplus is another matter and we feel that the Society's results in this respect bear scrutiny. Consequently we were able to transfer a net surplus of £1,042,782 to the General Reserve Fund which now stands at £5,961,869 or 3.53% of assets.

ADVANCES
During the year advances to borrowers totalled over £31,600,000, an increase of some £4,000,000 over the previous year and it is worthy of note that at the end of the year there were only sixteen cases in which mortgages were upwards of twelve months in arrears with their payments to the Society.

If this has been, as I hope you will agree, a relatively successful year it would be wise to guard against complacency. Building societies, and indeed the country as a whole, continue to be faced with many great problems.

HOUSE PRICES

It is a matter of great concern that only last month the Government took the considered view that there must be some reduction in the volume of building society funds available for house purchase in order to avoid a substantial escalation of house prices. This view cannot be ignored, although we must say that as a Movement we are equally concerned about the effects of reducing house purchase loans. So much remains to be done in the field of housing and this out back can only delay the solving of some of the more pressing problems. This message must be put over, loud and clear, that house prices escalate because there are too many people requiring too few houses, not enough houses are being built and one can understand the reluctance of builders to improve their record in this respect unless they can be assured of a reasonable level of profit.

URBAN RENEWAL

Housing costs in labour and materials continue to rise and there are experts who suggest that the escalating cost of land is due in no small part to the Government's own restrictive legislation. The need for urban renewal becomes more and more a matter of urgency and local authorities must be pressed to co-operate with builders in releasing a substantial part of the thousands of acres which within inner city areas lie waste after the conclusion of clearance schemes, some many years ago. A serious reduction in the volume of finance available for house purchase can only, in the long term, worsen a long standing problem and one can only hope that these restrictions will be of short duration.

Finally, ladies and gentlemen, I wish to express the appreciation of all members of the Board to the management and staff of the Society both at Head Office and branches for their hard work, efficiency and not least, of all their loyalty during a very busy year. Your Directors are conscious of the part played in the Society's success by all its members, by all our professional colleagues and by all the Society's friends wherever they may be. To all these we are most profoundly grateful.

Blagden & Noakes (Holdings) Limited

| | 1976 | 1977 | |
|------------------------|--------|--------------|----------|
| Turnover | £'000 | £'000 | Increase |
| Profit before taxation | 3,781 | 4,358 | +17.7% |
| Dividends | 6,028p | 12.0p + 99% | |
| Earnings per share | 27.1p | 29.4p + 8.5% | |

Extracts from the statement by the Chairman, Mr. J. K. Noakes, for the period to January 1, 1978.

● W. W. Ball & Sons acquired for growth and expansion in field of plastics moulding.

● Willmot Industrial Mouldings achieved a very substantial increase in profits and the erection of an additional 35,000 sq. ft. factory and warehouse will commence shortly.

● The new drum manufacturing line at Bristol is fulfilling our highest expectations and further improvements when complete should make the plant stand comparison with any in the world.

● Our reconditioning plant in Belgium continues to prosper.

● Martindale Protection increased turnover and profits and is now launching three new products which in time should add considerable impetus to profitability.

● PROSPECTS
Capital expenditure budget exceeds £3M, the largest in our history and we are confident of making marked progress in Plastics Moulding and Protective Equipment. We anticipate an improvement in the profits of the Chemical Division.

PETER BROTHERHOOD LIMITED

ESTIMATE OF RESULTS

Subject to audit, the Directors of Peter Brotherhood Ltd. expect the results for the year ended 31st March, 1978 to be:

| | Year ended 31st March 1978 | Year ended 31st March 1977 |
|---|----------------------------|----------------------------|
| Turnover | 10,760 | 13,555 |
| Trading profit | 850 | 1,616 |
| Interest payable | 120 | 228 |
| Profit before tax | 730 | 1,388 |
| Corporation tax (charge provisionally estimated at 52%) | 380 | 477 |
| Profit after tax | 350 | 911 |
| Amount written off on sale of investment | NIL | 152 |
| Profit after tax and extraordinary item | 350 | 729 |

An Interim Dividend for the year ended 31st March, 1978 of 1.815 pence per share is now declared on the ordinary shares, payable on 23rd May, 1978 to shareholders registered on 2nd May, 1978. This dividend, together with the related tax credit, is equivalent to a gross payment of 2.75 pence per share (1977—2.5 pence).

If the forecast profit of £730,000 is attained or exceeded, it is the Directors' present intention, subject to unforeseen circumstances, to recommend a final dividend of 4.5375 pence per share which, with the related tax credit, is equivalent to a gross payment of 6.575 pence per share (1977—6.25 pence). Excluding tax, the cost of the above dividends is £57,173 and £142,931 respectively.

Vantona Group Limited

Margins maintained in difficult year.

Exports up by 33%.

Healthy balance sheet.

EARNINGS PER SHARE UP BY 8%.

| YEAR ENDED 2nd DECEMBER | 1977 | 1976 | 1975 |
|--|--------|--------|-------|
| Turnover | 78.8 | 75.5 | 55.0 |
| Pre-Tax Profit | 6.7 | 6.4 | 4.2 |
| Extraordinary Profit (Net) | — | 1.3 | — |
| Available for Ordinary Shareholders | 3.4 | 4.5 | 1.9 |
| Earnings per share (before Extraordinary Profit) | 22.1p | 20.4p | 14.1p |
| Dividend per share | 5.1p | 4.6p | 4.2p |
| Net Assets per share | 124.3p | 107.4p | 82.6p |

Product Brand Names

Bevis, Chortex, Diana Cowpe, Epatra, Everwear, Ewart Liddell, Horrockses, Spirella, Vantona and Wardle

Copies of Chairman's Statement and Accounts are available from:

Bank House, Charlotte Street, Manchester M1 4ET

APPOINTMENTS

P & O group executive changes

The PENINSULAR & ORIENTAL STEAM NAVIGATION COMPANY, UKO International and will be a consultant to its ophthalmic group.

Mr. A. G. G. Black will be managing director of P&O Strath Services, taking over from Mr. Alan Hatchett, who remains chairman of that company. Mr. Black has been acting head of P&O Bulk Shipping and will be in charge of P&O General Holdings Division.

Mr. Steve M. Carter is to become managing director of P&O Bulk Shipping in place of Mr. Derek Hall, who continues as chairman of that concern. Mr. Carter was director of Oil and Bulk Trade, for P&O Bulk Shipping and will remain as executive director of Associated Bulk Carriers.

Mr. John Montgomery, a director of LLOYD'S BANK, who is retiring as its chief general manager, was born in April 30, has been appointed a vice-chairman of the bank from November 1.

Mr. John Levy has resigned from the Board of MARKS AND SPENCER and will be leaving at the end of April. Mr. Levy joined the company in 1949 and has been a director for the past 11 years.

Mr. T. W. Wright has become managing director of ATALANTA ENGINEERING. General managers appointed by the company are Mr. S. Bryson (packing), Mr. R. A. Y. Chapman (pump), Mr. E. Harrison (buying) and Mr. M. R. Newman (generator). Mr. W. A. H. Bolt has been made manager (parts, service and inspection).

Mr. William Fulton has been appointed managing director of SONY (UK), in succession to Mr. Hiro Okachi, who remains a director of that company and becomes chairman of the Sony Group in Europe.

Mr. R. J. Leonard and Mr. T. M. Rogers have been appointed partners of DIXON WILSON AND CO.

Mr. John N. Wiseman is to take over the chairmanship of W. WISEMAN AND CO. on April 31 in place of Mr. Frank Wiseman, who retires from the Board of that company but will remain

a director of the parent concern, UKO International and will be a consultant to its ophthalmic group.

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PANY, stockbrokers, on May 1, and Mr. D. A. Clark, Mr. R. L. G. Lake, Mr. J. W. P. Newman, Mr. R. F. A. Salfour and Mr. J. Duckett are being taken into partnership on that date.

Mr. Hans-Henning Erdmann, senior vice-president of WUERTTEMBERGISCHE KOMMUNALE LANDESBANK GROSZENTRALE, who is in charge of international loans, has been appointed representative of the bank's new London office.

Two directors of FIBREGLASS have been appointed to newly created posts, Mr. J. F. Currie as general manager, insulation division and Mr. H. J. Gair as general manager, reinforcements division.

Mr. F. J. Chate has been appointed to the Board of ABER-ROTH SERVICE COMPANY (NORTH SEA) as its executive director and consultant, following his retirement from Shell U.K. Exploration and Production.

Mr. A. P. Propper, managing director of PACOL has become chairman and chief executive. Mr. F. W. Cromwell has relinquished the chairmanship but remains a director until June 30, when he will retire. The company is a member of the Gill and Duffus Group of which Mr. Propper is a director.

Mr. Roy S. Payne has joined ALEXANDER AND ALEXANDER in the newly-created post of international employee benefits coordinator, Europe, at its London office.

Mr. E. A. Smith has been admitted into partnership with WOOD MACKENZIE AND CO., stockbrokers.

GENERAL FOODS has appointed Mr. Douglas Lacy as financial director of GF France and GF Italy. Mr. Andrew Clarkson has become financial director of General Foods and Mr. Haydn Jones will be personnel director of that company from May 1.

Mr. J. A. Cragh has been appointed to the Board of ULSTER TELEVISION as assistant managing director and continues as head of Press, presentation

and publicity. Mr. J. R. Waddell also joins the Board and becomes controller of local programmes in charge of production. Mr. K. Hamilton has been made Northern Ireland sales manager. Mr. D. Smyth, appointed financial controller and remains secretary and chief accountant, and Mr. R. Smith is now information officer.

Mr. David Long has been appointed commercial director of SYNTHETIC RESINS in place of Mr. Richard Laphorne, who has moved to Paris as commercial director of Shebby S.A.

Mr. Roger F. Azar of Banque Arabe et Internationale d'Investissement has been appointed to the Boards of HILL, SAMUEL AND CO. and Hill Samuel Broking and Consulting Services.

Mr. Ian H. Karten has been appointed chairman of MULTITONE ELECTRIC COMPANY in place of Mr. Alexander Pollakoff, who has become president. Mr. John M. Spiers takes over from Mr. Karten as managing director.

Mr. Tony Nicholson, formerly financial controller of the Heathrow Hotel, has joined the Board of BOC DATASOLVE as financial director.

HOME CONTRACTS

MARCONI Communication Systems has won an order, worth nearly £250,000, for 100 data modems for the Post Office. Sell-very starts next month. Data modems are used by the PO for a range of data transmission and computer information transfer services via telephone circuits.

The engineering services division of B. S. MARSH has won two contracts totalling more than £155,000. For Champion Power Products A.G. of Zug (Switzerland), Marsh will manufacture and erect part of Esso's new Climate Chamber at Abingdon, including a steel floor, air duct and vehicle exhaust system for the new facility. For the British Science Research Council, Marsh will fabricate steel cases for shielding blocks to be used in a long-term high energy particle physics experiment.

ANGLOVAAL GROUP

Mining companies' reports — Quarter ended 31 March 1978

Prieska Copper Mines (Proprietary) Ltd.

Issued capital 54 000 000 shares of 50 cents each

| | Quarter ended 31 March 1978 | Quarter ended 31 Dec. 1977 | 3 months ended 31 March 1978 |
|----------------------------------|-----------------------------|----------------------------|------------------------------|
| Operating results | | | |
| One milled | 761 000 | 780 000 | 2 304 000 |
| Concentrates produced | 34 921 | 34 823 | 99 149 |
| Copper | 34 728 | 38 798 | 108 381 |
| Concentrates despatched | | | |
| Copper | 27 891 | 48 071 | 84 306 |
| Zinc | 29 820 | 31 988 | 90 554 |
| Financial results | | | |
| Operating profit | R000 | R000 | R000 |
| Operating profit | 2 065 | 3 320 | 5 988 |
| Non-mining income | 204 | 212 | 572 |
| Interest paid and other expenses | 5 289 | 3 822 | 8 140 |
| Net profit | 1 780 | 2 828 | 4 356 |
| Loan repayments | 47 | 1 343 | 1 437 |
| Capital expenditure | 882 | 718 | 2 204 |
| Development | 729 | 2 061 | 3 611 |
| Advanced | 5 481 | 7 006 | 19 920 |

Finances
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters. The Company has exercised the right, referred to in the previous quarterly report, to convert the loan instalments amounting to R1 464 261 due to United States Steel Overseas Corporation and Anglo-Transvaal Consolidated Investment Company, Limited ("Anglovaal") on 31 December 1977 into 8 per cent notes repayable 1983/1987. As a result, additional long-term finance amounting to R1 538 547 has been advanced to the Company by Anglovaal and Middle Witwatersrand (Western Area) Limited against the issue of similar notes.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 31 March 1978 are estimated at R342 000 (31 December 1977: R704 000).

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 318 678 shares of 50 cents each

Planned operations for year ending 30 June 1978

| | Quarter ended 31 March 1978 | Quarter ended 31 Dec. 1977 | 3 months ended 31 March 1978 |
|---|-----------------------------|----------------------------|------------------------------|
| Operating results | | | |
| One milled | 84 700 | 83 500 | 254 700 |
| Gold recovered | 518.12 | 538.72 | 1 605.12 |
| Yield | 6.1 | 6.5 | 6.3 |
| Revenue | 31,000 | 30,000 | 28,500 |
| Costs | 17,739 | 17,720 | 53,208 |
| Profit | 13,261 | 12,280 | 11,099 |
| Revenue | R000 | R000 | R000 |
| Costs | 1 507 | 1 478 | 4 445 |
| Profit | 1 119 | 1 032 | 2 623 |
| Financial results | | | |
| Working profit — gold mining | R000 | R000 | R000 |
| Net non-mining income including forestry | 1 119 | 1 032 | 2 623 |
| Prospecting | 1 189 | 1 085 | 3 004 |
| Profit before taxation | 1 182 | 1 049 | 3 889 |
| Taxation | 559 | 569 | 1 402 |
| Profit after taxation | 603 | 479 | 1 478 |
| Capital expenditure | 132 | 101 | 323 |
| Dividends | 132 | 533 | 754 |
| State loan levy | 82 | 74 | 197 |
| Development | | | |
| Advanced | 1 280 | 1 401 | 4 028 |
| Sampling results: | | | |
| Sampled | 818 | 786 | 2 452 |
| Channel width | 169 | 162 | 171 |
| Channel value | 81 | 121 | 183 |
| Channel value | 8 549 | 1 978 | 3 225 |
| State assistance | | | |
| The Company remains classified as an "assisted mine" in terms of the Gold Mines Assistance Act, 1968. | | | |
| Dividends | | | |
| Interim dividend No. 55 of 10 cents per share, declared in December 1977, was paid in February 1978. | | | |
| Capital expenditure | | | |
| Capital expenditure for the year ending 30 June 1978 is estimated at R650 000. | | | |
| Outstanding commitments at 31 March 1978 are estimated at R104 000 (31 December 1977: R30 000). | | | |

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

Planned operations for year ending 30 June 1978

| | Quarter ended 31 March 1978 | Quarter ended 31 Dec. 1977 | 3 months ended 31 March 1978 |
|---|-----------------------------|----------------------------|------------------------------|
| Operating results | | | |
| One milled | 2 000 000 | 1 120 g/t | |
| Yield | 11.2 g/t | | |
| Gold | | | |
| One milled | 678 000 | 741 000 | 2 185 000 |
| Gold recovered | 7 728.83 | 8 228.28 | 24 480.49 |
| Yield | 11.4 | 11.1 | 11.2 |
| Revenue | 55,12 | 54,84 | 51,43 |
| Costs | 34,87 | 30,88 | 31,28 |
| Profit | 20,25 | 23,96 | 20,15 |
| Revenue | R000 | R000 | R000 |
| Costs | 37 370 | 40 467 | 112 884 |
| Profit | 23 839 | 22 944 | 68 655 |
| Uranium oxide | | | |
| Pulp treated | 683 000 | 741 000 | 2 210 000 |
| Uranium produced | 88 125 | 88 610 | 275 025 |
| Yield | 0.12 | 0.13 | 0.12 |
| Financial results | | | |
| Working profit — gold mining | R000 | R000 | R000 |
| Profit from sales of uranium oxide and pyrite | 13 731 | 17 843 | 44 238 |
| Non-mining income | 5 249 | (183) | 7 404 |
| Non-mining income | 1 007 | 383 | 2 127 |
| Interest paid | 18 687 | 17 743 | 53 770 |
| Profit before taxation and State's share of profit | 19 681 | 17 681 | 53 677 |
| Taxation and State's share of profit | 9 055 | 8 288 | 24 241 |
| Profit after taxation and State's share of profit | 11 796 | 9 403 | 29 236 |
| Capital expenditure | 4 070 | 3 635 | 10 087 |
| Loan repayments | 70 | 68 | 205 |
| Dividends | 4 140 | 12 004 | 16 673 |
| State loan levy | 1 485 | 885 | 3 104 |
| Development | | | |
| Advanced | 10 286 | 11 829 | 33 271 |
| Sampling results on Vaal reef: | | | |
| Sampled | 1 848 | 2 108 | 5 623 |
| Channel width | 44 | 81 | 69 |
| Channel value — gold | 40,8 | 37,5 | 34,9 |
| Channel value — uranium oxide | 1 772 | 1 614 | 1 702 |
| Channel value — kg/t | 0,47 | 0,54 | 0,54 |
| Channel value — cm/kg/t | 26,33 | 24,16 | 26,30 |
| Dividends | | | |
| Interim dividend No. 44 of 75 cents per share, declared in December 1977 was paid in February 1978. | | | |
| Capital expenditure | | | |
| Capital expenditure for the year ending 30 June 1978 is estimated at R15 000 000. | | | |
| Outstanding commitments at 31 March 1978 are estimated at R5 579 000 (31 December 1977: R7 515 000). | | | |
| Uranium sales | | | |
| The Company has concluded a long-term contract for the supply of uranium oxide, including a loan to the Company of R11,5 million. | | | |
| Taxation | | | |
| The provision for taxation and State's share of profit takes into account the reduction in surcharges announced in the Budget on 29 March 1978. This reduction amounts to R434 000 for the nine months ended 31 March 1978. | | | |

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

Planned operations for year ending 30 September 1978

1977: R 715 000).

Uranium sales

The Company has concluded a long-term contract for the supply of uranium oxide, including a loan to the Company of R11.6 million.

Taxation

The provision for taxation and State's share of profit takes into account the reduction in surcharges announced in the Budget on 29 March 1978. This reduction amounts to R434 000 for the nine months ended 31 March 1978.

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

| | Quarter ended 31 March 1978 | Quarter ended 31 Dec. 1977 | Financial year ended 31 Dec. 1977 |
|---|-----------------------------------|----------------------------------|--|
| Operating results | | | |
| One milled t | 145 300 | 170 600 | 671 900 |
| Armstrong concentrates plus cobalt ore produced t | 3 487 | 4 420 | 19 826 |
| Armstrong concentrates plus cobalt ore sold t | 3 776 | 2 956 | 16 343 |
| Financial results | R000 | R000 | R000 |
| Sale of armstrong concentrates less realisation charges | 3 349 | 2 544 | 16 725 |
| Gold and silver sales | 138 | 273 | 512 |
| Sundry mining income | 14 | 23 | 67 |
| Working costs | 3 501 | 2 840 | 17 304 |
| Working profit | 226 | 3,418 | 14 298 |
| Interest received | 70 | 38 | 280 |
| Finance charges and scheme rebates and sundry non-mining income | — | — | 435 |
| | 321 | (540) | 3 743 |
| Prospecting, investigations and sundries | 8 | 10 | 161 |
| Profit before taxation | 313 | (560) | 3 682 |
| Taxation | 69 | (385) | 347 |
| Profit after taxation | 244 | (135) | 3 245 |
| Capital expenditure | 142 | 224 | 7 003 |
| Dividend | — | 416 | 1 248 |
| | 142 | 640 | 3 281 |
| State loan levy | 8 | (55) | 48 |

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Citicorp and Chase show profits moving ahead

BY STEWART FLEMING

NEW YORK, April 18.

NEW YORK'S two largest international banks, Citicorp and Chase Manhattan City Corp., reported strong earnings gains in the first quarter of 1978. Their results confirm the nationwide acceleration in the profits of commercial banks in the first quarter.

According to M. A. Shapiro, the banking analyst, the first 100 major U.S. banking companies to report their results for this period recorded a 24.4 per cent rise in earnings, well ahead of last year's 13.9 per cent increase, and the biggest quarterly gain since the final three months of 1976 when the first 100 banks' earnings rose by 28 per cent.

Whereas earnings improvements in the latter part of 1976 and early 1977 to a considerable extent stemmed from reductions in provisions for possible loan losses as the general economic climate improved, there are clear signs in the reports now being issued of strong growth in interest income from the banks' lending operations.

The figures from Citicorp are

particularly striking with interest revenue rising by \$355m. to \$1.5bn. in the first quarter. Net interest revenue, after paying interest to depositors and other borrowed funds, rose \$65.5m.

Citicorp also reported a substantial gain in other operating revenues, particularly foreign exchange income where the bank reported a \$15.6m. increase, and trading account profits and commissions where the bank reported a \$8.5m. turnaround.

The net result of these trends was that Citicorp's net income before securities gains rose 15 per cent, to \$106.3m. (\$6 cents a share) compared with \$92m. (74 cents a share) in the first quarter of 1977.

The improved first-quarter results come after a disappointing fourth quarter of 1977 when earnings fell 17 per cent against the trend of results from other major banks.

The bank explained the setback as being the result of losses in Australia and increased

expenses in New York in connection with the development of its consumer business. It has been spending heavily on automated equipment for servicing retail customers at its branches.

At Chase Manhattan the increase in first quarter profits is even more striking with net income before securities transactions rising 50 per cent to \$41m. (\$1.20 a share) from \$27.4m. (\$3 cents a share) in the first quarter of 1977.

Chase said that the factors affecting its quarterly earnings improvement were higher net interest income—which rose from \$250m. to \$300m.—a decline of \$21.6m. in loan loss provisions, and a rise of \$9m. in other operating income including fees, commissions and foreign exchange trading income.

Commenting on the overall trends Chase pointed out that so far as its domestic business was concerned interest income was "essentially flat", implying that the gains reported stemmed from its overseas operations. It said that the increasing volume of domestic loans was offset by narrower interest rate spreads, a remark which tends to confirm analysts' contentions that Chase has been aggressively pricing its lending below prime rate.

The growing importance of its foreign business was indicated by a breakdown of the bank provided of its loan and loan-related business which showed that domestic offices had outstanding of \$14.4bn. on average during the first quarter compared with \$14.3bn. in the first quarter of 1977.

In comparison the bank's overseas offices had increased their loans outstanding from \$14.1bn. in the first quarter of 1977 to \$15.1bn. in the first quarter of 1978.

Securities slide hits Merrill Lynch

By John Wyles

NEW YORK, April 18. THE PROFITS slide which hit the U.S. securities industry last year showed no sign of leveling off in the first quarter judging by earnings figures published today by Merrill Lynch and Company, the country's largest brokerage firm.

Merrill's earnings dropped 37 per cent on the same period a year ago when earnings were more than 80 per cent down on the year before. This extreme financial pressure is the background to the series of mergers on Wall Street which was capped last Friday by Merrill Lynch's purchase of the 53-year-old securities house, White Weld.

First Boston Corporation, a leading investment banker, reported a first-quarter loss of \$653,086, while Paine Webber Jackson and Curtis and Mitchell Hutchins disclosed a 73 per cent drop in profits from \$2m. last year to \$539,000.

While its total revenues were up 12.3 per cent, to \$281.8m., Merrill Lynch's fell 6.3 per cent to \$90.6m. However, this was more than offset by increases on principal transactions, interest income, investment banking and insurance.

The company's employee expenses rose 15 per cent, to \$116.8m. and its interest expenses increased 38.3 per cent to \$58.7m. Net earnings after tax were \$247,000 compared with \$8.5m. in the first three months of last year. This was the equivalent of 1 cent a share compared with 24 cents a share.

Trans World Airlines cuts into opening deficit

BY OUR OWN CORRESPONDENT

NEW YORK, April 18.

TRANS World Airlines, which traditionally reports a loss in the first quarter, today revealed that in the opening period of this year its deficit had been slashed by some 23.6 per cent.

This is extremely significant for the airline whose overall profits last year rose by more than 75 per cent, and also for the U.S. airline industry as a whole whose results are being closely scrutinised for the impact of discount air fares.

The industry's domestic and

international traffic rose by 13.4 per cent in the first three months of this year and if TWA's results are a reliable indicator, then the airlines will be off to an excellent start in their attempt to match the industry's record aggregate profit of around \$600m. last year.

TWA's net deficit for the quarter was \$38.7m. compared to \$50.7m. in the first quarter of last year. Revenues were \$42.2m. higher at \$491.4m. and operating expenses up \$2.7 per cent to \$833.4m. TWA's subsidiary

Ganteen Corporation suffered a slight drop in earnings from \$3.5m. to \$3.1m. on an 8.3 per cent increase in revenues to \$11.9m.

TWA's real money spinner, its hotel chain Hilton International, turned in a 23.3 per cent rise in pre-tax profits to \$8.1m. in the first quarter. TWA said its total corporate debt had been reduced by \$194m. below the level of last year. Revenues were higher at \$491.4m. and operating expenses up \$2.7 per cent to \$833.4m. TWA's subsidiary

Ford plans engine plant expansion

FORD MOTOR COMPANY has announced plans for a \$250m. expansion and renovation of its engine plant at Dearborn, to build four-cylinder auto engines. Ford said the expansion will add about 277,000 square feet of manufacturing space to the plant, raising it to about 1.8m. square feet. It will eventually employ 1,800 extra workers in the plant, which employs 3,800 people. Four-cylinder engine production is scheduled to start in April, 1980. When the plant reaches peak production by December, 1980, it will be building four-cylinder engines at a rate of 698,000 units a year.

Wily loan Wily Corporation said it borrowed \$1m. to add to its working capital from Cargill AG, the Swiss investment company that owns about 50 per cent of Wily's common, reports AP-DJ from Dallas.

Pipe bid TransCanada Pipelines and Footbills Pipelines, Yukon, have been unable to agree on mutually acceptable terms under which TransCanada would acquire an interest in Footbills, Yukon, or any of its subsidiary companies, reports AP-DJ from Calgary.

Economic appointment President Carter announced yesterday the appointment of "think tank" director Mr. Henry Owen as his special representative with responsibilities for economic summits and international economic policy. Owen, 57, a former senior official at the State Department, has been director of foreign policy studies at the Brookings Institution, an independent organization for economic and political research.

Republic Steel recovery

CLEVELAND, April 18.

REPUBLIC STEEL Corporation, whose earnings slipped 38 per cent in 1977, from \$95.5m., or \$4.07 a share to \$41m., or \$2.54 a share, has made a better start this year, despite the dock strike and severe weather. First quarter net earnings totalled \$9.5m., or 60 cents a share, compared with a loss of \$6.1m., or 39 cents a share last year.

Shipments in the first quarter amounted to 1,341,000 tons, compared with 1,331,000 tons a year earlier, but the 111-day coal strike and heavy snows severely penalised the company's operations and prevented further improvements in earnings, pro-

den Mr. W. De Clancy stated. The corporation's order intake indicates steel shipments will continue at a substantial level throughout the second quarter, the president added. But the company was disturbed by the high rate of steel imports which hit a record 2.3m. tons in February. If such penetration continues, it will wipe out the benefits to U.S. steelmakers of any improvements in domestic markets, Mr. De Clancy said.

The company cannot make a definitive judgment on the Government's trigger pricing mechanism until mid-year, after it is fully effective, he concluded. Reuter

The growing importance of its foreign business was indicated by a breakdown of the bank provided of its loan and loan-related business which showed that domestic offices had outstanding of \$14.4bn. on average during the first quarter compared with \$14.3bn. in the first quarter of 1977.

In comparison the bank's overseas offices had increased their loans outstanding from \$14.1bn. in the first quarter of 1977 to \$15.1bn. in the first quarter of 1978.

Dollar fall hits St. Regis

NEW YORK, April 18.

ST. REGIS Paper's first quarter earnings comparisons were hurt by several factors, including foreign currency translation losses which rose to \$3.24m. after taxes from \$994,000 a year earlier, the company said. St. Regis said that in the first quarter, damages of \$8m. were awarded to Murray Pacific as the result of arbitration, the company incurred \$1,183,000 in the cost of closing its Marshall, Michigan, folding carton plant and weather was poor.

In addition the company said the year-end earnings included a \$3m. inventory subsidy from the Swedish government. The company reported first quarter earnings of 48 cents per

share, down from 66 cents a year earlier. Revenues were \$321.1m. up from \$472.0m.

St. Regis expects improved results from operations, since order volumes appear to be improving and higher prices are expected to be in effect on many of the product lines that were weak in the quarter.

The company said the weakest first quarter operation was Kraft. Selling prices for Linerboard, both in the U.S. and Europe, were at very low levels due to the competitive environment. Excess world inventories of Kraft pulp, although gradually being worked off, continued to hold down prices. Reuter

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European Bank Limited

Balance Sheet as at 31st December, 1977

| ASSETS | 1977 £ | 1976 £ |
|---|--------------|--------------|
| Cash, balances with banks, money at call and short notice | 50,088,453 | 40,545,130 |
| Deposits with banks | 20,385,586 | 19,461,831 |
| Debtors and other accounts | 7,777,573 | 6,821,812 |
| Loans and advances (less provisions for doubtful loans) | 247,970,299 | 233,464,958 |
| Fixed assets | 146,803 | 146,803 |
| Total Assets | £326,368,714 | £300,440,534 |
| LIABILITIES | | |
| Current and deposit accounts | 301,460,465 | 277,402,164 |
| Taxation | 66,242 | 4,328 |
| Creditors and accrued charges | 4,658,796 | 3,530,930 |
| Dividend | — | 80,000 |
| Total Liabilities | £306,185,503 | £281,017,422 |
| EQUITY AND SUBORDINATED DEBT | | |
| | 11,000,000 | 9,000,000 |
| | 3,236,419 | 3,723,929 |
| Subordinated loan | 14,236,419 | 12,723,929 |
| Total Equity and Subordinated Debt | 20,183,211 | 19,423,112 |
| Total Liabilities and Equity | £326,368,714 | £300,440,534 |

Increase in Capital
Eurobraz is increasing its share capital to £12,650,000, by the capitalisation, on 15th March 1978, of £1,650,000 reserves and a bonus issue of 1,650,000 Ordinary Shares of 51 each.

Directors

Dr. Karlos Rischbieter, Chairman
President, Banco do Brasil S.A.
Sir John B. Hall Bt.
Director, Bank of America International Limited
Mr. Werner Blessing
Assistant General Manager, Deutsche Bank A.G.
Mr. F.W. Grol, Managing Director

Member Banks

Banco do Brasil S.A.
The Dai-ichi Kangyo Bank, Limited
Deutsche Bank A.G.
Bank of America Group
Union Bank of Switzerland

Report and Accounts

Copies of the Report and Accounts 1977 can be obtained from the Registered Office:
Bucklersbury House, 11 Walbrook, London EC4N 8HP. Telephone: 01-236 1066. Telex: 987012/3

Jardine Japan Investment Trust Limited

INTERNATIONAL FINANCIAL AND COMPANY NEWS

DUTCH COMPANIES

Upsurge at Nationale Nederlanden

By CHARLES BACHELOR

AMSTERDAM, April 18.

NATIONALE-Nederlanden, the largest Dutch insurance company, reports a 15 per cent increase in net profit for 1977 on 12 per cent higher revenues.

Net profit, after allowing for profit participation by policyholders, tax and outside shareholders' interests, rose to Fls.205.3m. (\$84m.) from Fls.178.5m. Total revenues rose to Fls.5.35bn.

Compared with an increase of only 6 per cent in Holland, international business, including new group companies, rose 25 per cent, and new accounts for 36 per cent of all revenue against 32 per cent in 1976. The company therefore proposes raising its cash dividend to Fls.4.80 from Fls.4.20. The final dividend will be Fls.2.76.

Autonomous revenue growth—excluding new group companies, currency fluctuations and incidental single premium life policies—was 12.5 per cent, compared with 20 per cent in 1976. Total life insurance business in force rose 23 per cent to Fls.53.52bn.

Life insurance accounted for Fls.132.2m. of the group's profit (Fls.124.7m. in 1976) after allowing for policyholders' participation in the form of premium reductions and bonuses. The non-life result rose to Fls.49.5m. from Fls.21.1m. The improvement was due largely to the better outcome of marine and aviation insurance outside Holland, particularly in the fire, accident and sickness sectors.

Net profit per share rose to Fls.1.65 from Fls.1.43 allowing for the 10 per cent bonus distribution for 1976. Net assets were Fls.1.74bn. compared to Fls.1.51bn. at the end of 1976.

Robeco group twist

Sharply differing developments are reported by two members of the Robeco investment group.

Roreto, the fund investing in fixed interest securities, re-

corded a substantial increase in its capital last year while Rolingo, the share investment fund, had bought in some of its shares.

Roreto more than trebled its capital to Fls.945m. from Fls.295m. in the 12 months ended February. This large increase was partly due to the strong demand for the fund's shares from Holland. Net earnings per share rose to Fls.1.29 from Fls.1.25. Rolingo proposed raising its cash dividend to Fls.4.65 from Fls.4.50 as well as maintaining its 5 per cent stock dividend. Net profit rose to Fls.168m. from Fls.149m.

However, Roreto points out that the favourable developments in the first 31 years of the fund's life would "not necessarily be continuing in the future." Since Roreto started in 1974, interest rates have gradually declined and bond prices have risen. Taking into account forward currency hedging trans-

Le Nickel slides into the red

By David White

PARIS, April 18.

LE NICKEL-SLN, the French company which exploits nickel mines in New Caledonia, suffered a severe loss of Frs.65.8m. (\$14.3m.) last year, more than twice the size of its 1976 profit of Frs.21m.

The company ran into difficult times in the second half of last year which it said was "profoundly marked by a simultaneous drop in sales, the price of nickel and the value of the dollar." The loss followed a drop in sales to Frs.1.20bn. for the year from Frs.1.25bn.

In a "fairly satisfactory" first half, in which the previous year's improvement in marketing conditions appeared to be continuing, the company showed a net profit of Frs.14.2m.

Le Nickel is owned half by the Rothschild-controlled metals group Imetal and half by the State-controlled Elf-Aquitaine oil combine.

French stores seek even keel

By Our Own Correspondent

PARIS, April 18.

THE BIG French department stores are still struggling to get back on an even keel. Galeries Lafayette, one of the leading Paris stores, last year narrowed its net loss from Frs.14m. to Frs.9.5m. (\$2.1m.) in its third successive year in the red.

Its sales increased by only 6 per cent to Frs.1.24bn. (\$270m.) compared with Frs.1.17bn. in 1976.

Brighter news came from the Au Bon Marché group, which increased its net profit last year from Frs.4.4m. to Frs.12.5m. (\$2.7m.) and has decided to resume dividend payments after a gap of several years. The dividend is set at Frs.4.

Growth at Moulinex

MOULINEX, the French manufacturer of electrical kitchen appliances, increased its non-consolidated net profit last year to Frs.65.4m. (\$14m.) from an adjusted 1976 result of Frs.45.5m., writes David White.

The proposed dividend of Frs.2 net per share is the same as was paid out last year, but will be distributed on 10 per cent higher capital in the wake of a scrip issue made in January.

Near 30% rise in profit for Oerlikon-Buehrle

By JOHN WICKS

ZURICH, April 18.

PROFITS higher by almost 30 per cent for 1977 are announced by Oerlikon-Buehrle Holding, the major Swiss industrial group.

Group turnover rose 15 per cent to Sw.Frs.2.69bn. (\$1.4bn.) last year from Sw.Frs.2.35bn. This rise, which had been anticipated by the group as early as last spring, follows one of 20 per cent in 1976. Net profits showed another sharp expansion last year to reach Sw.Frs.204.6m. (\$107m.) compared to Sw.Frs.158.3m.

At the coming annual general meeting, to be held on June 14, the board will recommend an increase in the dividend from

14 to 15 per cent, at the same time, shareholders will be asked to approve a merger with C. F. Bally AG, the Zurich-based parent company of the Bally group, some 98.5 per cent of whose capital is now held by Oerlikon-Buehrle.

The past year has brought record results for Deutsche Laenderbank, the Frankfurt-based merchant banking house owned jointly by Dresdner Bank (75 per cent) and Union Bank of Switzerland (25 per cent.). Total assets rose by 16.3 per cent to DM3.75bn., which represents the equivalent of DM51m. dividend of 18 per cent

Zurich Insurance rights issue

By OUR OWN CORRESPONDENT

ZURICH, April 18.

AN INCREASED dividend and rights issue is proposed by Zurich Insurance Company, Switzerland's biggest insurance concern and one of the leading European groups in this sector.

At the company's annual general meeting on May 10 the Board is to recommend the payment of a gross dividend of Sw.Frs.220, against Sw.Frs.200 per share previously from net profits of Sw.Frs.48.73m. (\$25m.), against Sw.Frs.43.15m. previously. A proposed Sw.Frs.18m. (Sw.Frs.12m.) will be transferred to special reserves.

Shareholders will also be asked to approve the creation of so-called participation certificates,

a Swiss form of non-voting share. Subject to subsequent Federal approval, a total of 200,000 bare certificates of this kind with a face value of Sw.Frs.50 each will be issued, adding a nominal Sw.Frs.10m. to total capital.

The new certificates will be entitled to dividend as from July 1. Some 161,040 of them will be offered to existing shareholders and holders of convertible bonds in a rights issue and at a share price of Sw.Frs.350 each. Each registered and bearer share will entitle stockholders to purchase one participation certificate. The holders of convertible bonds will have a direct drawing right ownership of bonds valued at Sw.Frs.5,000 entitling holders to subscription of one of the new certificates.

EUROBONDS

Dollar sector moves up in active trading

By FRANCIS GHILIS

THE DOLLAR sector had another good day yesterday with prices moving up in many cases by 2 of a point in turnover which was heavier than on Monday. Some dealers are hoping that a reopening of the new issue market might follow but even the optimists are cautious. The floating rate note sector was also firm while the convertibles shed a point or two in profit taking.

Following the "big increase" in prices witnessed at the beginning of the week, a 90-95m. floating rate note for Handiway Warszawa Bank is expected next week. It is being arranged by Banque Nationale de Paris and final terms have not yet been decided.

The second Asian dollar floating rate certificate of deposit for four years, were priced at par

at Sw.Frs.5,000 entitling holders to subscription of one of the new certificates.

The remaining 35,960 certificates will be reserved for employee participation and for such transactions as the financing of acquisitions.

Zurich Insurance booked gross premium income of Sw.Frs.2.6bn. last year, a rise of 2.2 per cent over the previous year. The increase would have been of as much as 15.5 per cent but for the alteration in exchange rates last year, much of Zurich's business coming from outside Switzerland. On the earnings, both the underwriting and capital income increased during 1976.

In the Swiss franc sector the South East Zealand Electric Supply Company is floating a Sw.Frs.15m. ten-year bond with a coupon of 4 1/2 per cent. The bonds, which have been priced at 99 to yield 4.83 per cent, have an average life of 7.3 years. Lead manager of this issue is Kurz Buegner.

Court reverses Unilever ruling

By Leslie Collier

BERLIN, April 18.

THE WEST-Berlin Appeals Court has annulled a decision by the Federal Cartel Office forbidding West-Germany's largest producer of margarine from offering a quantity rebate to consumers.

Union Deutsche Lebensmittelwerke GmbH, a Unilever company, was offering users of its leading brand "of margarine (Rama) DM2 if they bought 12 500-gm tubs within 12 weeks. The Cartel Office ordered the offer to be stopped on the grounds that it was an "abuse of a market-dominating position."

Now the Cartel Office says the Appeals Court annulment of its decision demonstrates the "high degree of evidence required in order to prove obstructionary misuse by market-dominating companies."

It said the move did not represent a genuine price reduction for the consumer.

Mounting losses at Salzgitter

By OUR FINANCIAL STAFF

BERLIN, April 18.

DOUBLED LOSSES for the year ended last September and the prospect of a further heavy deficit for the opening six months of the current year were announced yesterday by Salzgitter, West-German steel.

Net losses last year rose from DM50m. to DM95m. (\$48m.) and with the steel making arm of the company—which had its worst quarter ever during October to December—running at less than two-thirds of full capacity, another sharp setback is expected for the first half of 1977-78.

Steelmaking conditions have improved modestly since December, but Salzgitter is still cutting capital spending back to around DM400m. (\$200m.) on a group basis for 1977-78, whereas two years ago it pumped DM583m. into its operations.

Last year the company's non-steel activities made an overall

net profit of DM53m. with steel alone running DM143m. into the red. The resultant net deficit is once again being written off against reserves.

Last year's group net loss was after tax of DM93.5m. compared to DM85.2m., depreciation of DM287.3m. DM352.9m. and interest of DM200.6m. (DM187.2m.).

Incoming orders of the Fried Krupp group, including foreign subsidiaries in the first quarter of 1978 were 3 per cent, above the level of the same period last year.

Krupp managing Board member Klaus Dyckerhoff said yesterday. Speaking at the Hannover Trade Fair, he told journalists all sectors except steel trading and plant construction contributed to the improvement, with a particularly strong performance recorded in the engineering division. Incoming orders in the steel production sector were around 15 per cent, above the year ago level on a tonnage basis, with March the most successful month.

The rise in steel production was stimulated by speculative purchases ahead of already announced price rises.

Legrand raises dividend

By OUR OWN CORRESPONDENT

PARIS, April 18.

RAPID growth in exports pushed the Limoges-based electrical group Legrand into France's billion-franc sales league last year, with group turnover increasing by 17 per cent to Frs.1.03bn. (\$224m.).

Legrand is raising its dividend from Frs.21.30 to Frs.24.50, paid on capital increased by 20 per cent, through a recent scrip issue. Discounting exceptional gains, parent company net profit rose by 15 per cent to Frs.45m. as its turnover increased by a similar margin of 16 per cent to Frs.362m.

Consolidated net profit, again discounting exceptional gains and provisions, was 29 per cent up on 1976 at Frs.59.5m. Exports rose by just over a third to Frs.237m., increasing their share of overall turnover from 19 to 22 per cent.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Holdings (Seaboard) N.V.

The Annual Report as of 31st December 1977 has been published and may be obtained from:

- | | |
|--|---|
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| National Westminster Bank Limited Stock Office Services, 41 Lombury, London EC2 P2BP | Trinkaus & Burkhart Königsallee 17, Düsseldorf 1 |
| N. M. Rothschild & Sons Limited New Court, St. Swithin's Lane, London E.C.4 | Banque de Paris et des Pays-Bas 3 rue d'Amn, Paris 2 |
| Banque Rothschild 21 Rue Laiffite, Paris 9 | Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg 10a Boulevard Royal, Luxembourg |
| Merrill Lynch International Inc. all European offices | International Pacific Corporation Limited Royal Exchange Building 56 Pitt Street, Sydney N.S.W. 2000 |

Appleyard

The Appleyard Group of Companies Limited.

Year ended 31st December 1977 1976

Group Net Profit

Before Taxation £1,489,000 £1,369,000

After Taxation £701,000 £652,000

Ordinary Dividend

Rate per annum 4.94p 4.4p

Earnings per share (after full provision for Deferred Taxation) 12.48p 11.60p

Group Net Assets £11,531,000 £10,364,000

Extract from Review by the Chairman—

Mr. Ian Appleyard

"Over 55% of total Group profit is now coming from Rolls-Royce, Ford, commercial vehicles, agricultural engineering, Budget Rent-a-Car, fuel oil distribution, credit finance, and contract hire. The balance is from the sale and service of B.L. cars."

Copies of the Report and Accounts may be obtained from the Secretary, The Appleyard Group of Companies Limited, North Street, Leeds LS7 1RD.



This announcement appears as a matter of record only.

April 12, 1978

Allegheny Ludlum Industries, Inc.

has sold

True Temper Corporation

to

Wilkinson Match Limited

for 6,200,000 Ordinary shares of Wilkinson Match Limited and other considerations

The undersigned assisted Allegheny Ludlum Industries, Inc. in the negotiation of this transaction.

Smith Barney, Harris Upham & Co.

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Kredietbank S.A. Luxembourgcoise
Hambros Bank
Union Bank of Switzerland (Securities)

Bergen Bank

Alahli Bank of Kuwait (K.S.C.)

Andersen Bank A/S

Banca Commerciale Italiana

Bank Julius Baer International

Bank Mees & Hope NV

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Banque Internationale à Luxembourg S.A.

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Bayerische Landesbank

Berliner Handels- und Frankfurter Bank

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Creditanstalt-Bankverein

Credit Lyonnais

Deirbrück & Co.

Dresdner Bank

Goldman Sachs International Corp.

The Industrial Bank of Kuwait K.S.C.

Kiddier, Peabody International

Kreditbank N.V.

Kuwait International Investment Co. s.a.k.

Lazard Frères et Cie

Merck, Finck & Co.

Morgan Grenfell & Co.

Nordic Bank

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Privatbanken

Salomon Brothers International

Skandinaviska Enskilda Banken

Société Générale

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Union Bank of Norway

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Westdeutsche Landesbank

Girozentrale

Christiania Bank og Kreditkasse

A.E. Ames & Co.

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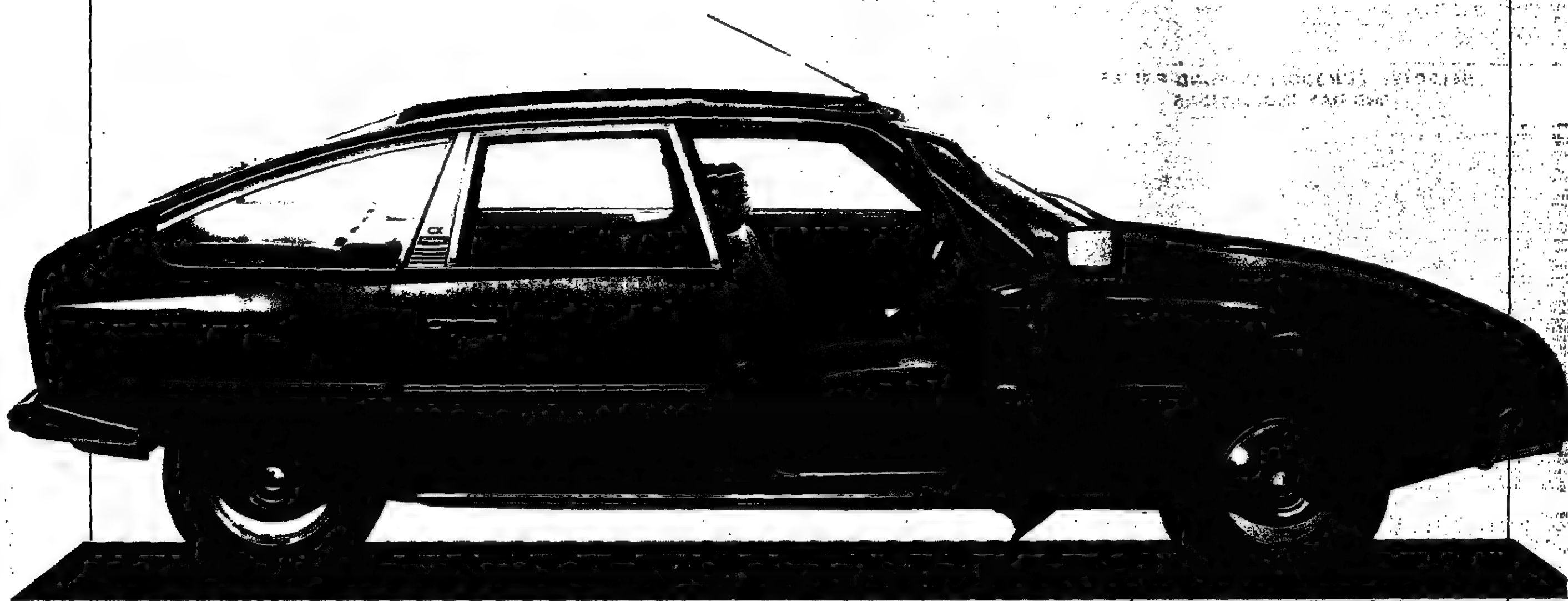
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Illustrated CX 2400 Pallas with optional sun roof.

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Quietness is yet another feature of the CX, due principally to the aerodynamic styling which reduces wind noise by allowing the wind to sweep over, under and around the car. A high level of sound insulation makes a further contribution to quietness in the CX by reducing road noise.

It also bears mentioning that the wind cheating aerodynamic lines of the CX result in improved performance and reduced fuel consumption with the CX Pallas returning some pleasantly surprising mpg figures. A further benefit of aerodynamic design is demonstrated by the increased stability of the car at high speeds.

As you'd expect, the fittings on such a car leave little to be desired. All considered, an extremely nice place to be. In a sea of chaos, an island of calm.

CX comfort starts at £4636-71

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Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68-04 (inc. VAT). Prices are correct at time of going to press.

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A selection of the 16 models in the CX range.

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|------------------------------------|-----------|----------|
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| CX 2400 Super (5 speed) | 112mph | £5427-63 |
| CX 2400 Pallas Injection (C-matic) | 112mph | £6597-63 |
| CX 2400 GTi (5 speed, Injection) | 118mph | £6580-08 |
| CX 2400 Safari Estate | 109mph | £5575-05 |
| CX 2400 Familiale | 109mph | £5678-01 |
| CX Prestige Injection (C-matic) | 112mph | £8640-45 |

CITROËN CX. A WORLD OF COMFORT.

مكزامن الامم

CITROËN CX

FINANCIAL TIMES REPORT

Wednesday April 19 1978

Gibraltar

The lingering dispute between Britain and Spain over sovereignty of Gibraltar seems to have one beneficial side-effect—the creation of a sense of national identity among Gibraltarians. This new-found feeling will need to be recognised in any final solution to the problem.

Looking for a lasting formula

By Robert Graham

EVERY DAY British soldiers open two sets of iron gates that separate Gibraltar's frontier with Spain. The gesture is purely symbolic because the adjacent Spanish gates remain closed and have done so except on rare emergencies since the Franco Government unilaterally decided to shut off all physical Spanish contact with Gibraltar in June, 1969. The populations on either side of the frontier have only been able to keep in contact through a dialogue of gestures and shouted conversations across no man's land. Gibraltarians like to show visitors this, their little Berlin Wall, to bring home just how isolated they are. To reach the Spanish mainland requires a trip in a ferry to Tangier and then back either to Algeciras or Malaga—at its quickest three hours.

The physical and psychological constraints of the Spanish blockade, enforced in pursuance of what Spain regards as its historic claim to the Rock ceded to the British crown by the Treaty of Utrecht in 1713, have largely been ignored by the outside world. But for the Gibraltarians forcing them to learn to live within the confines of 2½ square miles of rocky Mediterranean headland, they are very real.

But instead of persuading the populace of under 30,000 to accept that their future lay with Spain and under Spanish sovereignty, the restrictions have had the very opposite effect. The close affection for and identification with Spain felt by many of the inhabitants has evaporated in the face of Spain's unfeeling bully-boy mentality. The Spanish authorities have lacked the imagination for any sort of "hearts and minds" campaign that could capitalise on these close personal and cultural links. The sole contact that most Gibraltarians have had with Spain in ten years is through Spanish television, hardly an edifying experience either under Franco or now in the post-Franco era. Meanwhile, though ruled by Britain, they have led stable, tranquil lives, able to express themselves freely and avoid the traumas of fascism and the potential instabilities of post-Franco Spain.

Suffered

People suffered from the blockade but not as disastrously as expected. The traders in Main Street lost the custom of 600,000 day tourists who visited the Rock each year, but the economy did not collapse. The withdrawal of the Spanish labour force, 30 per cent of the total, was eased by their replacement by workers from Morocco. Continued British military spending, now running at £12m a year, the presence of 4,000 Servicemen and their families plus important British grant aid has kept the economy ticking over, albeit at near stagnation level in some years. Everyone has had to make read-

justments so that now, artificial though the Rock's existence might seem, there is a genuine community spirit and a sense of identity and purpose.

Until the restrictions were imposed in the 1960s, Gibraltar was taken for granted as a British colony both by the British and the Gibraltarians themselves. Since then Britain's shrinking world role has reduced Gibraltar's strategic significance as a fortress guarding the entrance to the western Mediterranean. Gibraltarian consciousness of this, coupled with the isolation resulting from the Spanish blockade, has resulted in the gradual emergence of a distinct Gibraltarian identity—something which did not exist in such obvious form ten years ago.

Of course the emergence of such a sense of identity has been facilitated by the size of the community. But against this the population has extraordinarily heterogeneous roots derived from a mixture of Arab, British, Genoese, Indian, Portuguese and Spanish ancestry. The polyglot nature of society is evidenced by the Roman Catholic headmaster of the Jewish school. Traditionally the local population have come below the colonial presence in the pecking order, with the imported labour force at the bottom of the scale. But with greater British emphasis on the Gibraltarian nature of Gibraltar, especially since the 1969 constitution, the overt colonial presence has become less prominent.

No matter whom you consult in Gibraltar today—the Chief Minister Sir Joshua Hassan, the main opposition leader, Mr. Maurice Xiberras, who identifies with integration with Britain, the Gibraltar Autonomy Party that favours Spanish sovereignty, or a newly formed Marxist-Leninist grouping that wants to see an end to the colonial British presence—all in varying forms say this about themselves: "We are not British, we are not Spanish but a mixture that is Gibraltarian." For instance the fact that English has been consciously sponsored as the official language although Spanish is the first spoken language is accepted by the majority as an instance of the peculiar nature of Gibraltar.

The differences in attitude are frequently magnified in such a small and highly volatile community. Essentially they centre round the degree to which people are prepared to accept the waiving of restrictions against a change in sovereignty. It is 11 years now since Gibraltarians voted 95.5 per cent in favour of retaining British sovereignty. Still it seems that the majority would prefer to accept continued British sovereignty and retain the restrictions than accept Spanish sovereignty. The change now, one suspects, is that a large proportion would secretly favour, if possible, some form of internationally guaranteed autonomy. Not that Britain is considered unreliable—it is respected for being straightforward and upright in its continued support. The attitude is rather that continued colonial status for the Rock is considered unrealistic in a changing Europe.

The British Government view has been and remains that expressed in the Gibraltar Constitution Order of May, 1969, binding Britain never to enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another State against their freely and democratically expressed wishes. Whitehall has argued with Spain that

no meaningful dialogue can begin on the future of Gibraltar until the unilaterally imposed restrictions are removed. From the Spanish point of view, the restrictions have always been considered the main bargaining counter—hence the diplomatic impasse.

It is a measure of the complexity of the problem that the two recent meetings in Paris and Strasbourg that included the first formal encounter between Spanish, British and Gibraltarian officials have been greeted with such caution. There is undoubtedly a new atmosphere between Madrid and London, created in large measure by the advent of an elected Government in Spain anxious to participate fully in Europe. Although Gibraltar is still an emotive political issue in Spain, the Suarez Government is not bound by the same rigid chauvinistic considerations as was Franco. Furthermore, the Spanish Government seems aware that the sanctions applied to Gibraltar could prove embarrassing if continued indefinitely, since they are contrary to the European convention for the protection of human rights and also arguably against both the spirit and letter of the Helsinki accords.

Significant

The positive developments when measured against the previous impasse are significant. In the past nine months some form of contact has been established with both Spanish officials and the Spanish political parties that has included visits to Gibraltar and reciprocal visits to Spain. Telephone links have been allowed to remain open after the customary Christmas "humanitarian" period (this does not apply to telex communications). The British Foreign Secretary, Dr. David Owen, in introducing Sir Joshua Hassan and Mr. Xiberras at the meetings in Strasbourg and



Arriving at the Rock from Tangier.

Paris, told his Spanish counterparts that these two men were the ones he had to convince and what they agreed he would advise Parliament to accept. Apparently the Spanish side accepted this. Agreement has been reached on the establishment of three working committees to study, among other things, telecommunications, a direct ferry link and payment of pensions to Spanish workers formerly employed in Gibraltar. However, all parties concerned recognise that this is only scratching at the surface of the problem. The working parties are a cosmetic arrangement to smooth the ground for more substantive issues. Sovereignty has not even been mentioned—or at least none of the parties has admitted in public to it being mentioned. The Gibraltarian representatives have also been careful to call the dialogue "conversations," not "negotiations." Progress will be determined by three main elements from Gibraltarian politicians impinging them to reject Spanish sovereignty. The final element is the Gibraltarian establishment of trust. The Gibraltarian community and its possible membership of, or association with, NATO. Controlling the western approaches to the Gibraltarian offer of a vaguely autonomous status, its military presence, especially the establishment of a port, dry dock and friendly centre for monitoring the Soviet fleet is important to NATO. Therefore NATO needs to be assured that Gibraltar's future status is stable and friendly. Second, the development of Spain's democratic process, especially the establishment of regional autonomy, will affect Spanish attitudes to Gibraltar. So too will the evolution of the political situation in Morocco and indirectly, the former Spanish Sahara, commitment to provide aid over the next three years on the enclaves of Ceuta and Melilla (whose inhabitants incidentally send letters to presence on the Rock.

The senior statesman



Gibraltar's Chief Minister, Sir Joshua Hassan.

GIBRALTAR'S CHIEF Minister Sir Joshua Hassan must be the longest-serving elected leader in the Western World. His spectacular political career goes back to World War II when, as a young lawyer, he was asked by a group of workers to join them in forming an association to defend workers' rights and improve living conditions. In 1945, at the first post-war city council election, the Association for the Advancement of Civil Rights won every seat. The young lawyer topped the poll—a feat he has since repeated at all Gibraltar elections but one.

Sir Joshua and the political emancipation of the Gibraltarians go hand in hand. He was the first Mayor, the first Chief Minister. The Gibraltar Labour Party and AGR, as the party is now known, is intimately linked in its leader who is, in most people's minds, the personification of the party. When Hassan retires, they say, the party will crumble. Certainly, he is a heavyweight whose influence and popularity are without question. In an electoral system where each voter has the right to vote for up to eight candidates—and considering that by having eight candidates elected a party is assured of gaining power—there is little doubt that the Hassan influence helps to swell the votes obtained by other party candidates. This will be put to the test the day he finally goes.

Sir Joshua works best when under pressure. His detailed knowledge of Gibraltar's affairs does not blur a wider vision of events. He can be immersed in parochial politics one minute and in international matters the next.

The Spanish problem is what, in effect, has provided him with the stature of a statesman. It has propelled him on to a world plane. Working with as many as ten governors of Gibraltar, appearing at the United Nations as a Gibraltarian petitioner, meeting countless British Ministers and now coming face to face with a Spanish Foreign Minister

Joseph Garcia

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هكنا من المرحل

Aid poses a difficult challenge for the economy

GIBRALTAR'S ECONOMIC life is dominated by four key areas: the final acceptance of aid; the final acceptance of aid; the final acceptance of aid; the final acceptance of aid.

By way of local borrowing, the authorities are thinking in terms of introducing development bonds which can be competitive with the U.K. gilt and other markets which at present encourage a savings and investment drain from Gibraltar. Thought is also being given to working out a formula which is "both equitable and reasonable," as the Chief Minister puts it, that will require banks and other authorised deposit-taking institutions to retain in Gibraltar a reasonable proportion of the funds deposited with them. The Government also needs to raise some £5m. in the overseas commercial market to finance the acquisition of new electricity and water distilling equipment.

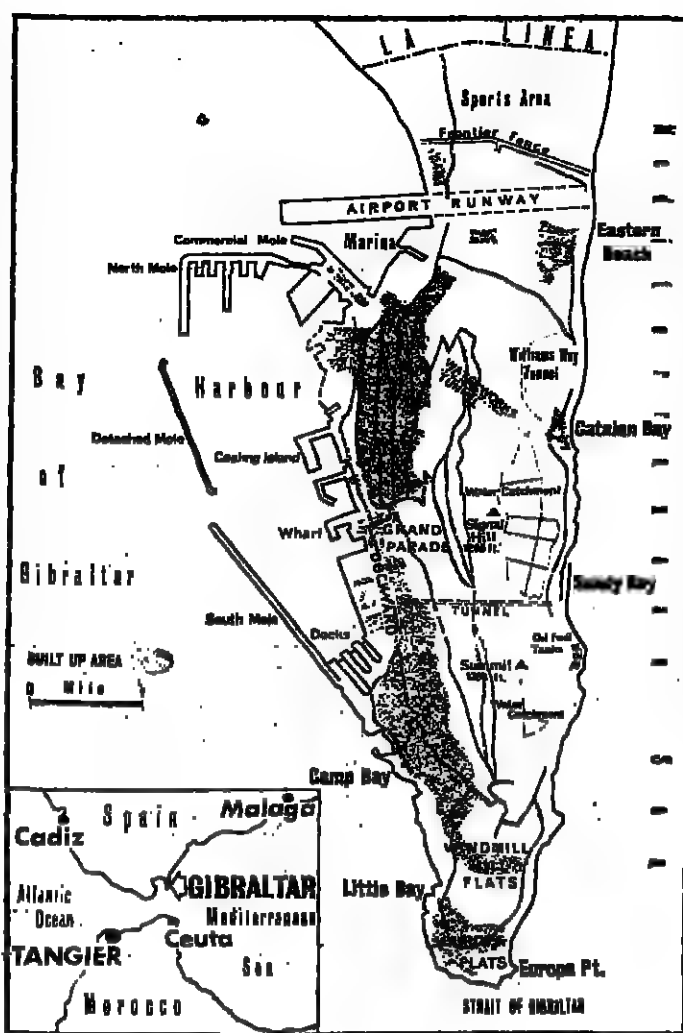
As part of Britain's policy to support and sustain Gibraltar during its present difficulties, the Government has been made available to assist the Rock's new three-year development programme which envisages a total expenditure of £28m. This substantial plan was the outcome of two years of talks in Gibraltar earlier this month between the U.K. Minister for Overseas Development, Mrs. Judith Hart, and Gibraltar's leaders. The major basis of British assistance are housing, education and port development.

The Gibraltar Government, its staff, is faced with the aspect of having to fund what amounts to half the programme, which is, at £14m, an exceptionally high figure for such a small community whose revenue-producing resources are so limited. During the plan's three-year period, the Government expects to raise £1m. from an annual statutory contribution which has in effect that tough revenue-raising measures are likely to be a recurring feature. Some tax at £5.2m. and some receipts at £3.4m., the main sources of income, represent over 80 per cent. of the

Exemption

The search for new sources of revenue led some years ago to the passing of "tax-haven" legislation which grants certain companies exemption from income tax and estate duty upon the payment of an annual tax of £225 or £200, depending on whether the company is ordinarily resident or not. The companies' registry does not distinguish between an "exempt" company and one which is not, but it is known that between 800 and 700 companies have already taken advantage of the tax haven facility.

Gibraltar's tax haven role has in fact been developed with little publicity and remains, for this reason, in particular, relatively unexploited. It is the only tax haven within the sterling area and outside the British Isles. Capital Transfer Tax, for instance, does not apply to it. Certainly the Rock's exempt company legislation has been approved by the Foreign and Commonwealth Office, which is ultimately responsible for Gibraltar's fiscal affairs, and the authorities here are intent on keeping such operations within the realms of respectability and responsibility. It is a question also of attracting those operations which bring real benefits to Gibraltar, according to Financial Secretary Mr. Alan Collings. Using the exempt status philosophy, Gibraltar is also developing a captive insurance centre whereby certain insurance companies pay a



flat rate of annual tax regardless of profits.

Undoubtedly, the Government's development programme will help activate certain sectors of the economy, notably the construction industry which has been on a limb due to what the opposition describe as a virtual standstill in Government-sponsored projects. The retail sector has also been cutting down on staff, and young people in particular have been experiencing problems in securing jobs. But the latest unemployment figure of less than 200, while not low in a community accustomed to over-employment, is not high by world standards and must in any case be viewed within a situation where foreign labour accounts for over one-quarter of the 12,000 workforce.

In the last five years the weekly wage has more than doubled but average earnings of £43 include an element of overtime. The basic pay for a tradesman is £31.75 for a 40-hour week

plus a weekly £2 productivity bonus. What will push wages much higher is the final acceptance by the official employers (Gibraltar and the British Government) of full parity with comparable U.K. rates of local wages and salaries which at present bear a 72 per cent. relative parity with the U.K. has been the union's battle-cry since 1974.

However, the deal comes at a time when the private sector can least afford it. Although not legally bound to accept the parity principle, the repercussions will be hard-felt. "We are going to find ourselves in an extremely difficult position," says Mr. Wilfred Garcia, President of the Chamber of Commerce.

The main street traders complain of reduced local spending at a time when the tourist contribution is erratic. Although excursion traffic from Morocco is a third up, the need to arrest the general decline in tourism is seen as an absolute necessity.

The hard-hit hotel industry is facing increased costs and reduced traffic, with tourist sleeper occupancy down to 33 per cent. of last year's figure. While advance bookings are promising, no real overall upsurge seems likely in a year which may well be dominated more by hopeful expectations than by concrete realisations. Thrown in for good measure is a major confrontation between those who favour more air charters on the London route and those who say that this will risk the security of service provided by the scheduled carriers, British Airways and Gibraltar Airways, the latter now carrying 56 per cent. of the traffic—chartering—BA Tridents with 95 per cent. of the tourists coming from Britain. There is a constant cry about a lack of seats on the London route where the load factor last year, excepting January, was in excess of 70 per cent. throughout the year, reaching 93 per cent. in the peak month of July.

Balance

Mr. Joe Gaggero, Chairman of the huge Bland Group, which controls Gibraltar Airways among other things, subscribes to the view that there must be a balance on the London route. His group has been instrumental in keeping air and sea links with Gibraltar open throughout the difficult years of problems with Spain, but the Tangier air connection is having a tough time and the passenger/cargo ferry service across the Strait is grossly under-utilised with only four services a week while the Spanish port of Algeciras, five miles across Gibraltar Bay, has seen a dramatic upsurge in traffic. Now, with the prospect of maritime communications being re-established with the Spanish mainland, the company clearly feels that its Tangier service should be interlinked with Algeciras for as long as the land frontier is closed, and inhibiting vehicular and other

traffic from Tangier to Spain via Gibraltar.

The developing view in Gibraltar is that a resumed ferry service between the Rock and the Spanish mainland must not be monopolised by a Spanish company as was the case in the past and that a Gibraltar company should be allowed to share the route. These are matters which will have to be discussed by the working parties agreed to at the Paris talks on Gibraltar last month. Preparatory work is now in progress in London, Madrid and Gibraltar in relation to the formation of these working groups which will also examine other points of possible co-operation such as telecommunications and social security benefits for former Spanish workers on the Rock.

Expectation—indeed optimism—that the political talks will usher in greater co-operation between Gibraltar and its hinterland is already beginning to influence businessmen on both sides of the fence. Even the opening of the border, sealed by the late Franco regime nine years ago, is the subject of discussion, albeit seemingly premature. The implications of an open frontier need to be carefully studied, says the Chamber's President. We must resist any temptation to plunge ourselves into a situation that might bring benefits in the short term and jeopardise us in the future. There is also fear of Spanish capital taking over local concerns particularly if Spain joins the Common Market and trade barriers have to come down.

Such considerations typify thinking in Gibraltar, which is that of a David in a Goliath scenario. Given that in any new situation there are bound to be winners and losers, the final view is bound to be that a return to normality which is properly regulated and controlled should be to the benefit of both Spain and Gibraltar.

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Tax Concessions

1. Under the Companies (Taxation and Concessions) Ordinance tax concession facilities are available for international companies.

Those registered in Gibraltar but operating abroad are granted exemption from income tax and estate duties, even if profits are received in Gibraltar. Registration under the Companies (Taxation and Concessions) Ordinance is, however, subject to certain conditions. Copies of the Ordinance and further information may be obtained from the Financial and Development Secretary, Government Secretariat, Gibraltar.

2. Gibraltar is in the Scheduled Territories and there are no exchange control restrictions on the investment of capital—either by residents of the UK or by residents of other scheduled territories.

3. Estate duty is payable at very moderate rates which range from 4% to 20% and there are concessions in respect of owner-occupied properties passing on death.

4. There is no capital gains, capital transfer, corporation or surtax.

Individuals ordinarily resident are charged income tax on a scale ranging from 10% to 40% in the E Non-residents are charged at the standard rate of 30%. Companies are also charged at the standard rate plus 7 1/2% Company Tax.

No Double Taxation agreements exist with any other country but where income is subject to tax both in the United Kingdom and in Gibraltar relief is given to residents of Gibraltar up to the limit of the lower of the two taxes.

A person who takes up residence in the territory and is the owner-occupier of premises licensed under the Development Aid Ordinance is granted exemption from tax in respect of the national rent of the premises he occupies.

The first £500 of income received from abroad (if this is not less than £1,500 in the year) also qualifies for exemption from tax.

Development Opportunities

Gibraltar's potentialities and attractions as a centre of development are based on its unique geographical situation and its wonderful climate which is the result of a combination of Mediterranean sunshine warmth beneficially tempered by Atlantic influences.

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The Development Aid Ordinance, for example exempts from income tax profits on any project approved by the Government up to the total amounts of the capital invested and from the payment of rates for the first twelve months after completion. Rates thereafter are levied on a sliding scale so that full rateability does not apply until the sixth year.

The Government would welcome participation in residential or hotel schemes and invites enquiries from interested persons.

A Development Brochure is available on request from the Survey and Planning Secretary, Government Secretariat.

Port Advantages

Universally popular as a port of call for cruises, Gibraltar is also a focal point on the Near, Middle and Far East trade routes for cargo transhipment and bunkering.

The port is equipped to supply lubricants (in bulk), provisions, stores and spares, and to provide full facilities for repairs and medical assistance. With six/seven flights a week to and from London (Heathrow), Gibraltar is also especially convenient for crew changes.

In addition, although it is already the incidental servicing port with the quickest despatch in the Mediterranean, a development programme is under way to provide full container and roll-on roll-off facilities.

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For further information, publications etc. apply to:

The Information Officer, Government Secretariat, Gibraltar. Telephone: 4671. Telex: GK 223.

The Gibraltar Tourist Office, London Information Centre, Arndel Great Court, 179 The Strand, London WC2R 1EH. Telephone: 01-836 0777. Telex: 266303.



THE GOVERNMENT OF GIBRALTAR

Opposition leader waits in the wings

IF SIR JOSHUA HASSAN were not to contest the next general election in Gibraltar, which seems a safe bet, Maurice Xiberras would be the most likely person to be Chief Minister. At present Leader of the Opposition, Mr. Xiberras obtained the second highest number of votes at the 1976 election. But his chief handicap is that he lacks a cohesive power base from which to develop effectively a strategy for the future.

His integration with Britain Party received a death blow from Mr. Roy Hattersley, then a Foreign Office minister, who did not voice his words in ruling out any idea of Gibraltar integrating with Britain. With the party moribund, Mr. Xiberras stood as an independent

candidate at the last general election.

A young party which saw its birth at the height of the Spanish restrictions in the mid-1980s, it assumed enormous responsibilities in 1989 when, in a post-election coalition, it found itself in power at a time when the frontier had just closed and the Spanish workforce had been withdrawn. As Minister of Labour, Mr. Xiberras played a leading role in engineering new policies and laying the foundations, with his colleagues, for an "island" economy. It was he who, years earlier, had drafted as part of the integrationist philosophy, a document seeking equality of standards with the U.K. But their seemingly radical policies frightened many people who would have otherwise supported

their central policy of integration with Britain. At a premature election in 1973, the party was ousted from power, with Sir Joshua and his stalwarts riding in again.

The first clash between the two men had come a decade before when just back from university, Mr. Xiberras made his first public speech at an annual dinner of ex-gamblers. One of the guests was Sir Joshua Hassan, who did not like what he heard. Mr. Xiberras was labelled an angry young man.

Now considering himself a moderate of the Left, Mr. Xiberras is engaged with Sir Joshua in a series of exploratory talks with the Spanish Foreign Minister, an unthinkable development just a few years ago while General Franco was alive. Then, he was radically opposed to any talks with Spain as he saw no chance of changing their minds. But now, as Spain takes a democratic course, human values stand a better chance of being expressed, and it is clear that Spain is affording greater recognition to the Gibraltarian people.

While his diehard integrationist supporters begin to question his apparent flirtation with Sir Joshua, Mr. Xiberras is giving thought to forming a new political party which will appeal to his integrationist followers and to those members of the House of Assembly who at present, as a parliamentary group, provide him with the necessary support he needs to be Leader of the Opposition. Many aspects of the old integrationist philosophy he continues to see as very relevant to the internal and external future of Gibraltar.

J.G.

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| 110.30 | 103 | 83 | 107 | General Motors 2 1/2p | 8 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
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| 112.10 | 121 | 101 | 125 | General Motors 1/65536p | .000030517578125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
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| 116.70 | 167 | 147 | 171 | General Motors 1/4611685992657584128p | .0000000000000000004336808840699559644775390625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 116.80 | 168 | 148 | 172 | General Motors 1/9223371985315168256p | .000000000000000000216840442034977928955078125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
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| 117.10 | 171 | 151 | 175 | General Motors 1/73786975882521340416p | .00000000000000000002710505526197223876953125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 117.20 | 172 | 152 | 176 | General Motors 1/14757395765044268032p | .000000000000000000013552527630986119384765625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 117.30 | 173 | 153 | 177 | General Motors 1/29514791530088536064p | .000000000000000000006776263815493059644775390625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 117.40 | 174 | 154 | 178 | General Motors 1/59029583060177072128p | .00000000000000000000338813190774889644775390625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
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| 117.60 | 176 | 156 | 180 | General Motors 1/236118332240688288512p | .000000000000000000000847032976937223876953125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 117.70 | 177 | 157 | 181 | General Motors 1/4722366644813765761024p | .0000000000000000000004235164883686119384765625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 117.80 | 178 | 158 | 182 | General Motors 1/9444733289627531522048p | .0000000000000000000002117582441943059644775390625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 117.90 | 179 | 159 | 183 | General Motors 1/1888946657925506244096p | .000000000000000000000105879122097223876953125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 118.00 | 180 | 160 | 184 | General Motors 1/3777893315851012488192p | .0000000000000000000000529395610486119384765625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 118.10 | 181 | 161 | 185 | General Motors 1/7555786631702024976384p | .0000000000000000000000264697805243059644775390625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 118.20 | 182 | 162 | 186 | General Motors 1/15111573263404049952768p | .00000000000000000000001323489026215955078125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 118.30 | 183 | 163 | 187 | General Motors 1/30223146526808099905536p | .00000000000000000000000661744513119384765625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 118.40 | 184 | 164 | 188 | General Motors 1/60446293053616199811072p | .00000000000000000000000330872256559644775390625 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| 118.50 | 185 | 165 | 189 | General Motors 1/120892586107232399622144p | .000000000000000000000001654361282798223876953125 | +1 | 4.00 | 100% | 6.2 | 8.5 | |
| | | | | | | | | | | | |

هكذا من العمل

AUSTRALIAN

| | | | |
|----------------|-----|----|----|
| Oakbridge SA1 | 155 | -1 | 10 |
| Pacific Copper | 40 | | |
| Powder Mill | 200 | 20 | |

| | | | |
|-------------------------------|------------------|-------|----|
| Geovor | 130 | +2 | 18 |
| Gold & Base 12 ² p | 9 ² | ----- | - |
| Comma Close | 220 ² | | 15 |

| | | | |
|--------------------|-----|-----|------|
| South Korea SM9.50 | 250 | +10 | to Q |
| Singapore SMI. | 240 | +10 | to Q |
| Sri Lanka SMI | 175 | +5 | |

| | | | |
|---------------------------------|-----|-------|----|
| Burma Mines 17 $\frac{1}{2}$ p. | 9 | ..... | - |
| Cons. Murch. Mr. | 265 | +15 | 97 |

otherwise indicated, prices and net divi-

g denominated securities which included

ed dividend after pending scrip and/or relates to previous dividend or forecast

will not allow for interest which may be paid at a future date. No P/E ratio unusual for a final dividend declaration.

and yield exclude a special payment.
over relates to previous dividend. P/E

Assumed dividend and yield after this issue. H Dividend and yield or other official estimates for 1976-77.

ns: m ex dividend; s ex scrip issue; r ex
capital distribution.

| | | | |
|---------|----|-------|------------------|
| 20p | 23 | ..... | Shelf. Refrshmt. |
| ng, ... | 45 | ..... | Sindall (Wm.) |
| | 24 | ..... |  |

| | | | | |
|-------|-----|-------|------------------|---|
| £1... | 150 | ---- | Hilton (Hldgs.) | |
| ew... | 80 | ----- | Ins. Corp..... | 1 |
| £1... | 147 | +2 | Irish Ropes..... | |
| | 252 | | | |

OPTIONS

| | | | |
|----|-------------|----|------------|
| 15 | Lex Service | 7 | Brit. Lat. |
| 16 | Lloyds Bank | 22 | Cap. Coe |
| 28 | "Lo's" | 5 | |

| | | | |
|----|--------------|----|------------|
| 18 | Do. Warrants | 10 | BHL Petrol |
| 17 | P & O Dfd. | 10 | Burmah |
| 18 | Glossary | 9 | Charter |

London Stock Exchange Report page[illegible]

| High | Low | Stock | Price | + | - | Net | Chg. |
|------|--------|---------------------|-------|---|---|---------|------|
| 2 | 38 | Majestic Inv. 10p | 59 | | | 0.68 | 2.2 |
| 2 | 48 | Martin (R.P.) 5p | 51 | + | | 25.98 | 1.1 |
| 2 | 920 | Mass Mut. & F. 15p | 112 | | | QSL 1.6 | |
| 2 | 1.4 | M.E.C. Inv. 12 1/2p | 15 | | | 1.3 | 0.7 |
| 2 | 260 | Nippon Fd. Sg. 10p | 330 | | | | |
| 2 | 9p | Paracomb 10p | 12 | | | | |
| 2 | 21 1/2 | Park Place Inv. | 25 | | | 1.0 | 3.6 |
| 2 | 16 1/2 | Pennsion (S) & Son | 180 | | | 6.19 | 3.7 |
| 2 | 14 1/2 | Prud. S. Franch. | 270 | | | 09.49 | |
| 2 | 70 | Qu. Min. | 70 | | | 30.44 | 8.9 |

| | | | | | |
|-----|-------------------|-------|----|-------|-----|
| 90 | Scott & Merc. 'A' | 94 | +4 | 3.02 | 1.7 |
| 248 | S.R. 44-ape Ann. | 250nd | | 04.25 | |
| 51 | Smith Bros. | 52 | | 04.91 | 2.1 |
| 74 | Soc. Pac. Hkldr | 83 | | | |
| 227 | Steez Fla. P. 100 | 298 | +4 | 022 | |
| 900 | Trans. M. L. 1p | 959 | | 04.02 | 1.6 |
| 24 | Wash. Select. 3p | 25 | | 2.1 | 1.2 |
| 8 | West. of England | 26 | | +1.38 | 3.7 |
| 36 | Yale Catto 11p | 76 | | 1.39 | 3.8 |

| OILS | | | | |
|------|-------------------|-----|-----|--------|
| 66 | Attack 20p | 68 | | |
| 134 | Brit. Benzoe 10p. | 140 | +2 | 16.13 |
| 720 | Brit. Petroleum | 768 | +10 | 22.10 |
| 71 | Do. 8% P.F. £1 | 71 | -1 | 5.6% |
| 2 | Burmah £1 | 47 | +1 | |
| 2542 | Do. 8% La. 10p. | 553 | +1 | Q8.2% |
| 875 | MCCP Nit. Sea £1 | 888 | +2 | |
| 49 | Century 10p | 57 | +1 | 12.43 |
| 23 | Charterhall Sp. | 222 | | 014.7h |
| 7 | | 222 | | 1.9 |

[illegible]

| | | | | | |
|------|---------------------|------|-----|--------|------|
| 14 | Res. Bldg. Div. Yc. | 14 | | | |
| 5395 | Rt. 1, Dutch Fl-20 | 5395 | 14 | Q8.7% | ♦ |
| 455 | Scripture Rm. | 610 | +25 | | |
| 484 | Shell Trans. Reg. | 520 | +5 | 15.7 | ♦ |
| 62 | De. 74PL E1 | 62 | | 4.9% | 1166 |
| 226 | 74Shabana (U.S.) E1 | 304 | +4 | | |
| 555 | Teneco 44% Cav. | 551 | +12 | Q4.5% | |
| 130 | Tricomor | 162 | +4 | 1.32 | ♦ |
| 194 | Ultramar | 231 | +4 | s | |
| 120 | De. Trp. Cav. | 138 | +2 | 7% | 23.0 |
| 86 | Weeks Nat. Mon. | 150 | +8 | | |
| 86 | Tr. Exp. Cav. 18c | 150 | +8 | O15.1% | |

| | | | | | |
|----|---------------|----|----|---|---|
| 57 | Woodside A50c | 77 | +1 | — | — |
|----|---------------|----|----|---|---|

OVERSEAS TRADERS

| | | | | | |
|-----|----------------------|-----|----|-------|-------|
| 280 | African Lakes | 305 | — | 44 | ¢ |
| 90 | Aust. Agric. 50c | 80 | +3 | 33.5c | 1 1/2 |
| 66 | Banladesh (S. & W.) | 124 | +6 | 64.13 | 4 7/8 |
| 94 | Banladesh (Asia) 50p | 64 | -1 | 6.2 | 1 1/2 |
| 25 | Banquet 100c | 39 | -1 | 1.52 | 1 1/2 |

| | | | | |
|-----|--------------------|-----|-------|-------|
| 250 | Friday (Coca) Sup. | 304 | 86.54 | 7.0 |
| 199 | Gall & Durfee | 216 | +4 | 58.71 |
| 640 | G. N. Niles | 562 | -1 | Q12% |
| 325 | Harris on Cross | 437 | +12 | 4.2 |
| 66 | Hoffnung (S.) | 73 | +3 | 126 |
| 380 | Inchcape El. | 397 | ..... | 115.0 |
| 21 | Jack Wm. | 24 | ..... | 20.66 |
| 9 | Jamaica Sugar | 14 | +1 | ..... |
| 67 | Leorhe | 71 | ..... | 6.55 |
| 402 | McIntell Coats | 431 | ..... | 3.4 |
| 720 | Nigerian Flor | 253 | ..... | 13.2 |

| | | | | | |
|-----|-------------------|-----|----|-------|------|
| 175 | Ocean Winst. 20p | 80 | +2 | h2.29 | 3.5 |
| 68 | Pa.-So. Zach. 10p | 180 | | 7.7 | 7.5 |
| 165 | Pa.-A N.E. 10p | 175 | | 7.7 | 7.5 |
| 27 | Sanger (J.E.) 10p | 30 | +3 | 7.43 | 1.9 |
| 53 | Sena Sugar 50p | 6 | | B- | |
| 88 | Slime Derby 10p | 149 | +3 | 10.5 | 3.3 |
| 350 | Steel Bros. 50p | 366 | | 11.25 | 4.4 |
| 40 | Tozer Kems. 20p | 47 | +1 | 3.09 | 2.5 |
| 587 | Dr. Spc. Cr. 31 | 639 | | 3.2 | 10.2 |
| 41 | U. City Merc. 10p | 62 | | 11.7 | 11.0 |
| 42 | Dr. 10p. La. 18p | 62 | | 11.4 | 11.2 |

| RUBBERS AND SISALS | | | | |
|--------------------|-----|-------------------|-------|-----------------------|
| 1978 | | | | |
| High | Low | Stock | Price | + or - Dlv. Net |
| 75 | | Anglo-Indonesian | .94 | 2.54 |
| 65 | | Berberm Cons. 10p | .78 | 3.5 |
| 110 | | Bird (Africa) | .14 | — |

| | | | | |
|------------------------------|----------------------|------------------------------|------------------------------|---------------------------------|
| 31 | Bradwall 10p | 39 ² ₂ | +1 | h17 |
| 145 | Castlefield 10p | 217 | +5 | g28 |
| 53 | Cherwens 10p | 64 | +4 | 2.75 |
| 95 | Cons. Plants 10p | 132 | +1 | 1.25 |
| 57 | Gadok Malay MS1 | 57 | | 105c |
| 84 | Grand Central 10p | 10 | | 0.55 |
| 211 | Guthrie C1 | 245 | +5 | 170.15 |
| 65 | Harrisons 10p, Ex. M | 76 ² ₄ | | 3.05 |
| 56 ² ₂ | Highlands MS0 | 92 | +4 | g20.80 |
| 41 ² ₂ | Kuala Kepong MS1 | 57 | +4 | 212 ² ₂ c |
| 29 | Kulluk MS0 | 46 | +1 ² ₂ | Q11.5 |

| | | | | |
|----------|---------------------|------|--------|--------|
| 69 | Lon. Sumatra 10p | 157 | ..... | +14.0 |
| 48 | Minakopi MS1 | 92 | +5 | +1011c |
| 30 | Malayalam 10p | 35 | ..... | +1.15 |
| 30 1/2 | Bluar River 10p | 43 | +2 | +0.45 |
| 55 | Plantation Hkds. 3p | 67 | +1 | \$2.18 |
| \$18 1/2 | Sungai Erian \$1 | \$27 | +1 1/2 | 75.0 |

TEAS

| India and Bangladesh | | | |
|----------------------|--------------------|-----|-----------|
| 175 | Jasam Doors E1 | 198 | 49.51 |
| 280 | Assam Frontier E1 | 292 | +1 h16.25 |
| 104 | Assam Inva. E1 | 106 | +1 7.0 |
| 202 | Empire Planto 10p. | 224 | -1 1.98 |
| 212 | Jokai E1 | 263 | +12.00 |
| 222 | Longbourne E1 | 263 | +10.00 |
| 180 | McLeod Russell E1 | 285 | +12 10.0 |
| 390 | Moran E1 | 390 | 15.08 |
| 72 | Savio Hides. 10p. | 223 | +17.22 |

| | | | | |
|-----|----------------|-----|----|-------|
| 181 | Warren Plm. | 200 | +2 | P13.0 |
| 138 | Williamson Cl. | 163 | +2 | 9.0 |

Sri Lanka

| | | | | |
|-----|-------------|-----|----|-----|
| 123 | Lamotte Cl. | 125 | +2 | 5.5 |
|-----|-------------|-----|----|-----|

Africa

| | | | | |
|-----|--------------|-------|--|------|
| 390 | Blantyre Cl. | 435ml | | 50.0 |
| 130 | Roo Estates | 145 | | 13.0 |

| MINES | | | | |
|--------------|--------------------|-----|-----|-------|
| CENTRAL RAND | | | | |
| 140 | Durban Deep Rl. | 140 | -15 | - |
| 244 | East Rand Pty. Rl. | 272 | -3 | +0.5c |
| 5291 | Benfontein R2 R2 | 533 | -11 | 0.350 |

| | | | |
|--------|--------------|-----|------|
| 75 1/2 | West Rand R1 | 107 | Q13c |
|--------|--------------|-----|------|

EASTERN RAND

| | | | | |
|--------|----------------|--------|--------|-------|
| 57 1/2 | Bracken R1 | 64 | +1 | +Q25c |
| 18 | East Dagsa R1 | 26 1/2 | -1 1/2 | +Q20c |
| 235 | E.R.G.O. R0.50 | 329 | -12 | +N25c |
| 76 | Grootvlei 30c | 76 | -2 | +Q19c |
| 275 | Kluness R1 | 284 | -20 | +Q34c |

| | | | |
|-----|--------------------|------|-------|
| 35 | Leslie 35c | 36-1 | 103c |
| 67 | Marjorie R0 50 | 76- | Q46c |
| 37 | S. African Ld. 35c | 39-2 | — |
| 37 | Takfontein R1 | 38- | Q25c |
| 517 | Winkelbaak R0 | 617 | 1086c |
| 31 | Wit. Nigel 25c | 43 | — |

FAR WEST RAND

| | | | | |
|-----|------------------|-------|-----|--------|
| 266 | Bruborn | 292 | -5 | TQ40c |
| 764 | Buffels R1 | 854 | -8 | TQ130c |
| 75 | Deelkraal R0.30 | 753 | - | |
| 214 | Doornfontein R1 | 214 | -8 | TQ15c |
| 589 | East Drie R1 | 638 | -19 | Q78c |
| 154 | Elanburg vld. 2c | 381 | -8 | |
| 92 | Elburg R1 | 97 | -1 | Q8.45c |
| 890 | Hartbeest R1 | 510-1 | -9 | TQ135c |
| 408 | Kloof Gold R1 | 444 | -8 | Q30c |
| 440 | Libanon R1 | 453 | -31 | TQ45a |
| 419 | Southsea 50c | 436 | -28 | Q22c |
| 213 | Stuinhout R1c | 214 | +1 | Q22c |

| | | | | | |
|---|-----|------------------|------|-----|-------|
| 2 | 123 | Vaal Reefs 50c | £124 | -4 | Q115c |
| | 123 | Venterspost R1 | 123 | -8 | T05c |
| 4 | 126 | W. Drie R1 | £18 | -1 | Q280c |
| | 154 | Western Areas R1 | 166 | -6 | Q13c |
| | 589 | Western Deep R2 | 669 | -19 | Q623c |
| | 163 | Zandpan R1 | 183 | -2 | T022c |

| | | | |
|--------|---------------------|-------|-------|
| 75 | Free State Der. Soc | 75 | Q11c |
| 611.12 | P. S. Geduld Soc | 515.3 | Q240c |
| 59 | P. S. Scaapbaas RI | 59 | 5 |
| 284 | Harmony Soc | 284 | 15 |
| 66 | Lorraine RI | 66 | 4 |
| 750 | Pres. Brand Soc. | 864 | 29 |
| 582 | Pres. Steyn Soc | 667 | 39 |
| 703 | St. Helena RI | 720 | 19 |
| 144 | "Unsel." | 144 | 8 |
| 190 | Welkom Soc. | 239 | 7 |
| 113 | W. Belding Soc. | 1164 | 5 |
| | | | Q11c |
| | | | Q240c |
| | | | Q55c |
| | | | Q6c |
| | | | Q130c |
| | | | Q201c |
| | | | Q115c |
| | | | Q35c |
| | | | Q280c |

FINANCE

| | | | | |
|------|--------------------|---------|-------|-------|
| 424 | Ang. Am. Coal 50c. | 515 | +5 | Q50c |
| 246 | Anglo Amer. 10c. | 310 | +2 | +Q35c |
| E144 | Ang. Am. Gold R1 | E154 | -4 | Q165c |
| 521 | Ang. Vasil 50c. | 675 | ..... | Q105c |
| 119 | Charter 10c. | 123 | ..... | 77.5 |
| 164 | Cons. Gold Fields | 165 1/2 | +1 | 19.95 |
| 18 | East Rand Con. 10p | 18 1/2 | ..... | 1.05 |

| | | | | | |
|-----|--------------------|-----|----|-------|---|
| 618 | Gen. Mining A2 | 216 | +1 | 0225c | 4 |
| 611 | Gold Fields A2 35c | 216 | +1 | 0110c | 4 |
| 610 | Yorgo Cons. P2 | 211 | -1 | 0170c | 4 |
| 740 | Middle Wt 25c | 137 | -1 | 022c | 1 |
| 126 | Minorco SBD1.40 | 157 | +6 | 012c | 4 |
| 97 | New Wt 25c | 108 | -1 | 015c | 0 |
| 860 | Palmco NY 75c | 52 | +3 | 0250c | 4 |
| 50 | Rand London 15c | 170 | -1 | 0100c | 3 |
| 375 | Selection Trust | 408 | -1 | 1672 | 1 |
| 161 | Seatrast Inc | 193 | +4 | 028c | 1 |
| 29 | Sil/Verminex 20c | 40 | -1 | 25 | 3 |
| 611 | Tval Cons Ltd B1 | 135 | -1 | 085c | 4 |

| | | | | | |
|-----|--------------------|-----|----|------|---|
| 182 | U.C. Invest FJ | 216 | -4 | Q30c | 1 |
| 238 | Union Corp. 6.25c. | 280 | -2 | Q38c | 1 |
| 40 | Vogels 2c | 46 | | Q72c | 1 |

DIAMOND AND PLATINUM

| | | | | | |
|-----|---------------------|------------------|-------|-------|---|
| 630 | Anglo-Am Inv Soc | 635 ⁺ | | Q600c | # |
| 64 | Bishopsgate Ph. 10c | 71 | | Q73c | # |
| 28c | De Beers Inv. 5c | 72 ⁺ | | Q72c | # |

| | | | | | |
|-----|-----------------|-----|----|-------|-----|
| 925 | Da. 40pe Ft. RS | 539 | +4 | Q225e | 2 |
| 926 | Leidenburg 12pc | 540 | -1 | Q226e | 1 |
| 927 | Rus. Plat. 10c | 541 | -1 | Q227e | 1 |
| 928 | | 542 | -1 | Q228e | 1 |
| 929 | | 543 | -1 | Q229e | 1 |
| 930 | | 544 | -1 | Q230e | 1 |
| 931 | | 545 | -1 | Q231e | 1 |
| 932 | | 546 | -1 | Q232e | 1 |
| 933 | | 547 | -1 | Q233e | 1 |
| 934 | | 548 | -1 | Q234e | 1 |
| 935 | | 549 | -1 | Q235e | 1 |
| 936 | | 550 | -1 | Q236e | 1 |
| 937 | | 551 | -1 | Q237e | 1 |
| 938 | | 552 | -1 | Q238e | 1 |
| 939 | | 553 | -1 | Q239e | 1 |
| 940 | | 554 | -1 | Q240e | 1 |
| 941 | | 555 | -1 | Q241e | 1 |
| 942 | | 556 | -1 | Q242e | 1 |
| 943 | | 557 | -1 | Q243e | 1 |
| 944 | | 558 | -1 | Q244e | 1 |
| 945 | | 559 | -1 | Q245e | 1 |
| 946 | | 560 | -1 | Q246e | 1 |
| 947 | | 561 | -1 | Q247e | 1 |
| 948 | | 562 | -1 | Q248e | 1 |
| 949 | | 563 | -1 | Q249e | 1 |
| 950 | | 564 | -1 | Q250e | 1 |
| 951 | | 565 | -1 | Q251e | 1 |
| 952 | | 566 | -1 | Q252e | 1 |
| 953 | | 567 | -1 | Q253e | 1 |
| 954 | | 568 | -1 | Q254e | 1 |
| 955 | | 569 | -1 | Q255e | 1 |
| 956 | | 570 | -1 | Q256e | 1 |
| 957 | | 571 | -1 | Q257e | 1 |
| 958 | | 572 | -1 | Q258e | 1 |
| 959 | | 573 | -1 | Q259e | 1 |
| 960 | | 574 | -1 | Q260e | 1 |
| 961 | | 575 | -1 | Q261e | 1 |
| 962 | | 576 | -1 | Q262e | 1 |
| 963 | | 577 | -1 | Q263e | 1 |
| 964 | | 578 | -1 | Q264e | 1 |
| 965 | | 579 | -1 | Q265e | 1 |
| 966 | | 580 | -1 | Q266e | 1 |
| 967 | | 581 | -1 | Q267e | 1 |
| 968 | | 582 | -1 | Q268e | 1 |
| 969 | | 583 | -1 | Q269e | 1 |
| 970 | | 584 | -1 | Q270e | 1 |
| 971 | | 585 | -1 | Q271e | 1 |
| 972 | | 586 | -1 | Q272e | 1 |
| 973 | | 587 | -1 | Q273e | 1 |
| 974 | | 588 | -1 | Q274e | 1 |
| 975 | | 589 | -1 | Q275e | 1 |
| 976 | | 590 | -1 | Q276e | 1 |
| 977 | | 591 | -1 | Q277e | 1 |
| 978 | | 592 | -1 | Q278e | 1 |
| 979 | | 593 | -1 | Q279e | 1 |
| 980 | | 594 | -1 | Q280e | 1 |
| 981 | | 595 | -1 | Q281e | 1 |
| 982 | | 596 | -1 | Q282e | 1 |
| 983 | | 597 | -1 | Q283e | 1 |
| 984 | | 598 | -1 | Q284e | 1 |
| 985 | | 599 | -1 | Q285e | 1 |
| 986 | | 600 | -1 | Q286e | 1 |
| 987 | | 601 | -1 | Q287e | 1 |
| 988 | | 602 | -1 | Q288e | 1 |
| 989 | | 603 | -1 | Q289e | 1 |
| 990 | | 604 | -1 | Q290e | 1 |
| 991 | | 605 | -1 | Q291e | 1 |
| 992 | | 606 | -1 | Q292e | 1 |
| 993 | | 607 | -1 | Q293e | 1 |
| 994 | | 608 | -1 | Q294e | 1 |
| 995 | | 609 | -1 | Q295e | 1 |
| 996 | | 610 | -1 | Q296e | 1 |
| 997 | | 611 | -1 | Q297e | 1 |
| 998 | | 612 | -1 | Q298e | 1</ |

Treasury 'lack of openness' attacked

By Peter Riddell, Economics Correspondent

THE TREASURY was criticised yesterday for a lack of openness in the public presentation of its thinking about economic policy options and of its research work.

The criticisms came in a report commissioned by the Treasury from a committee chaired by Professor Jim Ball, Principal of the London Business School.

Professor Ball said yesterday the Treasury had an educational role in being more open about its research and policy analysis and in presenting to the public the results of alternative courses of action open to Ministers.

The Committee proposes the creation of a separate research unit within the Treasury and a new advisory council consisting of economists from outside the Treasury and a majority of outside members to monitor the unit's work.

The criticisms appear to have received a distinctly cool reception in the Treasury where senior economists feel that the Treasury has been too open about its research and policy analysis in the past.

Attention is drawn to the recent publication of internal working papers on the effects of devaluation and the standard budget balance and to meetings with a wide range of outside economists before the budget.

'Consideration'

The Treasury already has an academic panel of economists advising on the forecasting model of the economy, though Professor Ball argued that a new advisory council was necessary to carry greater weight and to provide more independence than at present.

No decisions are likely for a few months after the non-committal statement that the Government is giving "careful consideration" to the committee's recommendations.

The 117-page report includes a wide-ranging discussion of economic policy making, as well as the first published description of the Treasury's own six-week forecasting round. The report says the Treasury's forecasting performance has not been demonstrably worse than those of other forecasters.

The committee's brief had been to consider the feasibility and value of applying optimal control techniques to economic policy-making. This approach involves an attempt to reconcile certain specified goals and achieve a desired balance between the necessary trade-offs. The techniques were developed during the space programme.

The committee was sceptical about the direct benefits of this approach to decision making though it suggested that it might help at a technical level for those building statistical models of the economy. However, work on optimal control should not be the single most important priority in forecasting.

Details Page 10

Continued from Page 1

Bank

"no reason why arrangements with trade associations should not provide for such flexibility."

The report set out a number of other proposals for promoting competition in banking. Jointly negotiated tariffs and joint working arrangements should be brought before the Restrictive Practices Court as soon as possible in response to this Mr. Gordon Borrie, the Director General of Fair Trading, issued a statement describing his responsibility for such agreements.

It is argued in the report that the Bank of England should take over responsibility for regulating the Bankers' Clearing House, the machinery for clearing cheques.

Nick Garnett writes: On flexible opening hours, Mr. Leif Mills, general secretary of the National Union of Bank Employees, criticised the Commission for taking only a " cursory glance " at the problem and having no understanding of the difficulties.

He said the Commission's points on Saturday opening were " glib and ludicrous " and took no account of the economics of opening branches on more than five days a week. Saturday opening would bring in no new business and would entail higher operating costs with extra staff and shift premium payments.

The Commission, said Mr. Mills, had little consultation with the unions and talks between employers and the unions on flexibility was of no concern to the Commission.

The Barclays Group Staff Association, which has agreed pilot schemes on increased week-day flexibility with Barclays, but not Saturday opening, said it was the job of the banks and the unions but not the Commission to decide on what happened about opening hours.

The Confederation of Bank Staff Associations, the umbrella body for clearing bank staff associations, is firmly opposed, along with NUBS, to Saturday opening.

Redpath £12m. loss written off by BSC

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BRITISH Steel Corporation is writing-off £12m. losses accumulated by its subsidiary Redpath Dorman Long (North Sea) and merging the company with the Dutch De Groot group in an effort to win oil platform orders.

A joint venture firm, Redpath De Groot Caledonian, will own and run the yard at Methil, Fife, which has three months' work left completing its share of a steel jacket for Texaco. Bidding for new contracts will start next month, when the company formally comes into being.

Methil has a reputation for late delivery which it has found difficult to live down in spite of improvements in its recent performance. Redpath hopes that by involving the Rotterdam group—whose record is good in offshore work—it can improve the yard's prospects.

This is reflected in the price of £3m. which De Groot is paying for its 43 per cent. stake. British Steel had invested some £15m. in the yard over the last six years and realisable assets are worth about £10m.

Mr. David Waterstone, chairman of Redpath and the new company, said that the corporation had taken a " realistic view " of the value of the yard and struck its bargain on that basis.

" I do feel that having formed this grouping we are going to be in a much stronger position to get work than we were in the past. "

" We are linking with a group which has a first-rate reputation

with the oil companies and has a fairly wide range of interests in offshore engineering. "

Mr. Waterstone added that if new platform orders were secured there would be considerable sub-contracts for other companies in both groups, including the Redpath yard at Glenarnock.

Redpath will take 48 per cent. of the equity in the new company, the Scottish Development Agency is lending £500,000 and will take 4 per cent. and the Edinburgh-based North Sea Assets, which brought the British and Dutch companies together, will buy the remaining 5 per cent. share.

Survival

The company will be jointly run, although De Groot is appointing the managing director. The British Government has been kept informed of the negotiations and a telegram approving the deal was sent yesterday by Dr. Dickson Mabon, the junior Energy Minister.

The Government and local authorities are anxious to see the survival of the yard, which is vital to the Methil area where unemployment is high. About 600 men are working on the Tartan Field platform—split with UIE of Chelmsford—compared to twice that number employed two years ago.

De Groot has wide experience in offshore fabrication and recently entered into a partnership in Norway to build modules.

Mr. Jaap De Groot, the company's president, said that it had been looking for a yard where it could manufacture large structures for deep water fields, which up to now it has not been able to tackle.

Mr. James Milne, Scottish TUC general secretary, said in Aberdeen yesterday it was disappointing that a nationally owned company should be changed in this way, but it was the best that could be done in the circumstances. It should mean some job stability and further orders.

John Lloyd writes: Amid continuing rumours of U.K. and foreign interest in buying steel works threatened with closure by the British Steel Corporation, the German company of Korf-Stahl yesterday denied reports that it was considering buying British Steel's Glenarnock plant.

The denial was issued after a Board meeting at the company's headquarters in Baden-Baden on Monday night.

The future of Glenarnock was the subject of a meeting between Sir Charles Villiers, chairman of British Steel, and two Scottish National Party MPs, Mr. Douglas Crawford and Mrs. Margaret Bain.

No assurances were given on the future of Glenarnock, which is threatened with closure. Sir Charles also refused to commit himself on the construction of an integrated steelworks at Hunterston, which has been delayed indefinitely.

News Analysis, and Oil Fields Expansion, Page 8

Collett agency may face criminal charges

By Michael Thompson-Neal

THE INLAND REVENUE intends to launch criminal proceedings against Collett, Dickenson, Pearce, Britain's biggest publicly quoted advertising agency, and its chairman and managing director.

The nature of the proceedings is not known, says the agency, but they apparently arise from inquiries the Revenue has conducted into the tax affairs of the group for periods before December 31, 1974.

Collett, Dickenson, Pearce International, the holding company, which announced a 68 per cent. surge in pre-tax profits for 1977 to £135m., yesterday said that any proceedings by the Revenue would be " strongly resisted. "

On the strength of its annual results the company's shares closed 5p higher last night at 63p.

" The company said yesterday: " The directors announced in October 1977 their intention to take account as an extraordinary item (but without admitting liability) of an amount then estimated at £600,000 against anticipated claims under the Taxes Act for periods prior to December 31, 1974 substantially relating to payments in respect of overseas subsidiaries and associated companies. "

" The Inland Revenue has this week informed Collett, Dickenson, Pearce International of their intention to institute criminal proceedings against Collett, Dickenson, Pearce International, its chairman (Mr. John Pearce), its managing director (Mr. Frank Lowe), and its trading subsidiary, Collett, Dickenson, Pearce and Partners. "

A director of the company said last night: " It is my view that this business with the Revenue is a storm in a teacup. What is at issue is a storm in a teacup. What is at issue is a storm in a teacup. "

With estimated advertising billings this year of £50m., the company is Britain's fifth biggest advertising agency.

It is renowned in the advertising business for highly styled, innovative, creative work for a number of blue-chip clients that include Barclays Bank, Birds Eye, Carnation Foods, EMI Records, Fiat, Gallaher, Hovis, ICI, Reckitt and Colman, Ronson Products, Texaco and Whitbread.

Its gross turnover last year was £38.8m. (£25.7m.). The pre-tax profit of £135m. compares with £82.5m. the previous year. The directors recommended a final dividend of 1.712p a share for a total of 3.2886p, the maximum permissible.

Weather

U.K. TO-DAY

RAIN spreading, some bright spells.

London, S.E. Cent. S., E. Cent. N., N.E. England, E. Anglia, Midlands, N. Wales

Mainly dry at first. Rain later. Hill fog. Wind S. moderate. Rather cold. Max. 10C (50F).

Channel Islands, S.W. England, S. Wales

Rain, hill fog. Brighter later, with showers. Near normal. Max. 11C (52F).

N.W. England, Lake District, Isle of Man, N. Ireland

Rain. Rather cold. Max. 8C (46F).

Borders, Scotland

Mostly cloudy, rain at times. Rather cold. Max. 6C-8C (43F-46F).

Outlook: Rain, becoming dry.

BUSINESS CENTRES

| City | Temp | City | Temp | City | Temp |
|--------------|------|-----------|------|-------------|------|
| Amsterdam | 10 | Madrid | 10 | Paris | 10 |
| Antwerp | 10 | Moscow | 10 | Rome | 10 |
| Birmingham | 10 | New York | 10 | Stockholm | 10 |
| Bombay | 10 | Osaka | 10 | Switzerland | 10 |
| Buenos Aires | 10 | Seoul | 10 | Tokyo | 10 |
| Calcutta | 10 | Singapore | 10 | Winnipeg | 10 |
| Cairo | 10 | Taipei | 10 | Zurich | 10 |
| Cardiff | 10 | Tientsin | 10 | | |
| Chennai | 10 | Yokohama | 10 | | |
| Cologne | 10 | | | | |
| Dublin | 10 | | | | |
| Edinburgh | 10 | | | | |
| Frankfurt | 10 | | | | |
| Glasgow | 10 | | | | |
| Hamburg | 10 | | | | |
| Heidelberg | 10 | | | | |
| London | 10 | | | | |
| Luxembourg | 10 | | | | |

HOURLY REPORTS

| | | | | | |
|--------------|----|-----------|----|-------------|----|
| Algeria | 10 | London | 10 | Paris | 10 |
| Amsterdam | 10 | Madrid | 10 | Rome | 10 |
| Antwerp | 10 | Moscow | 10 | Stockholm | 10 |
| Birmingham | 10 | New York | 10 | Switzerland | 10 |
| Bombay | 10 | Osaka | 10 | Tokyo | 10 |
| Buenos Aires | 10 | Singapore | 10 | Winnipeg | 10 |
| Calcutta | 10 | Taipei | 10 | Zurich | 10 |
| Cairo | 10 | Tientsin | 10 | | |
| Cardiff | 10 | Yokohama | 10 | | |
| Chennai | 10 | | | | |
| Cologne | 10 | | | | |
| Dublin | 10 | | | | |
| Edinburgh | 10 | | | | |
| Frankfurt | 10 | | | | |
| Glasgow | 10 | | | | |
| Hamburg | 10 | | | | |
| Heidelberg | 10 | | | | |
| London | 10 | | | | |
| Luxembourg | 10 | | | | |

Unions call for 35-hour week to create more employment

BY CHRISTIAN TYLER

THE CHANCELLOR, Mr. Denis Healey, will come under heavy TUC pressure to leave the cost of shortening the 40-hour work week out of the Government's planned 7 per cent. limit on average earnings increases in the next wage round.

A 35-hour week without loss of pay in order to help shorten the dole queues is now being urged by the big unions—in Europe as well as in the U.K.

TUC leaders told delegates to the Scottish TUC in Aberdeen yesterday that the time had come to stop just talking about unemployment and berating the Government, and to go out and win extra jobs at the bargaining table.

But recognising that the Government will try to keep a firm hand on the public sector in its go-alone pay restraint plan for 1978-79, the congress called for the Government to take the lead on hours.

The message from here is certain to be repeated at union conferences through the summer and at this autumn's full TUC Congress. It will inevitably agree the message that the Chancellor plans with senior union leaders on wages and prices.

Although he recognises that he will get no declaration of support for his 7 per cent. target, Mr. Healey will be looking for reassurance that at least the 12-

month gap between pay rises will continue to be observed.

Any concession he makes on the shorter week would undoubtedly strengthen the already manifest desire of union leaders not to campaign outright against the next incomes policy in a way that would risk confrontation in a pre-Election period.

Speaking in the city which is the main supply base for North Sea oil—whose benefits are seen by the unions as the real chance of dealing with structural unemployment—Mr. Moss Evans, general secretary of the Transport and General Workers Union said: " Ministerial pronouncements on the evils of unemployment will look very hollow if the Government tries to prevent a 35-hour week in the next round of negotiations in the public sector. "

Refutation call

Earlier, Mr. David Bassett, TUC chairman, said that the Government must refutation further even though the budget had made a start on the tax front. But he challenged unions to put our negotiations where our mouth is.

" We make speeches about unemployment, we profess to be the most serious problem facing us. We demand action from others. But what do we do ourselves? Can we not negotiate our way out of overtime? "

Up to 200,000 jobs could be created by cutting overtime working in half.

The shorter week could create 750,000 jobs, he said. The union's own credibility was at stake.

Among other demands approved yesterday were a progressive reduction in the retirement age for men to 60, selective import controls and further training for school leavers and re-training for those made redundant.

Peter Riddell, Economics Correspondent, writes: Mr. Healey yesterday removed the remaining uncertainty about the timing of a possible further economic stimulus.

He said the Government had no plans whatsoever for introducing a new Budget and the current moment that any further action could be taken, assuming real progress at the world economic summit, would be a great deal later than July.

Mr. Healey's comments were made during a visit to Lambeth where a by-election is taking place to elect a Conservative.

Officials have made it clear that there is no room for a further stimulus at present within the borrowing and monetary guidelines. It will not really be possible even to consider further action until the prospects for earnings, public spending and the world trade are clearer in the early autumn.

Short-time compensation plan

BY ALAN PIKE, LABOUR CORRESPONDENT

WORKERS on short time will have a statutory right to compensation from next year if the European Employment Subsidy ends under Government proposals published yesterday.

Ministers have been considering the possible benefits of short-time working schemes since the subsidy ran into difficulties with the EEC Commission last year.

A temporary scheme is due to be introduced in the textile, clothing and footwear industries to compensate for EEC restrictions on the subsidy by the end of next month.

Proposals outlined yesterday in a Department of Employment consultative document are for a more extensive and permanent scheme throughout industry which would be jointly funded by the Government and employers.

Special short-time working schemes separate from the main unemployment benefit system already exist in Germany, France and Italy.

It has thus " increasingly been accepted in Europe that employers should provide compensation closely related to normal pay for workers on short-time, but the cost should not fall entirely on the individual employer, " the Government says.

The British scheme would be divided into permanent and temporary tiers.

A taxable 75 per cent. of normal gross pay for each day lost is suggested as a possible level of compensation under the permanent scheme, with a substantial proportion, maybe 50 per cent. of the cost to individual employers met from a short-time working fund.

The temporary tier of the scheme would operate at times of particularly high unemployment.

Under it, full cost to employers would be refunded provided they could satisfy the Government that short-time was an alternative to redundancy.

The consultative document calculates that an increase in employers' National Insurance contributions of about 0.15 per cent.—10p per week at the average industrial wage—would be needed to help finance the fund.

But it says this would be almost entirely offset by savings in guarantee and redundancy payments.

Gross cost to public funds might be about £400m. a year, but this would again be reduced by savings elsewhere.

Saudi under-water hotel study

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

AN ANGLO-FRENCH consortium has been commissioned by Saudi Arabia to carry out a feasibility study into proposals for an under-water hotel complex off the coast of Bahrain.

Sheikh Yamani, the Saudi Arabian Oil Minister, is believed to have an interest in the client company.

The development, probably in international waters, would include all the facilities of a top-class international hotel and could rival London's Mayfair as a magnet for wealthy Arabs looking for somewhere to enjoy their leisure.

It would be made up of six inter-connecting modules, each

bedded in the sea-bed like an oil platform. Access would be by boat or helicopter—a helicopter landing pad would form the central module.

The idea was conceived by a Frenchman, M. Andre Gass, who first approached the Egyptian Government. The Egyptians considered floating the hotel in the Gulf of Suez opposite the Sinai Peninsula.

M. Gass's company, Loghan, commissioned a French offshore engineering company, EMMH, to carry out a feasibility study.

EMMH in turn formed a joint venture with the French subsidiary of the British company

of designers and architects Fitch.

When the Egyptians decided not to go ahead with the idea, Loghan approached other possible clients. Two days ago a representative of Sheikh Yamani's business interests signed a contract for a technical feasibility study.

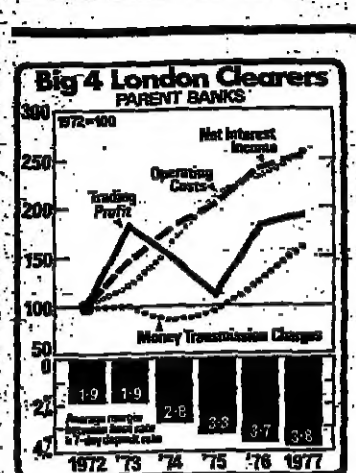
As originally conceived by M. Gass, two of the modules in the complex would have been hotels. Each suite would have had a terrace above the water line as well as normal comforts such as a bathroom and air conditioning.

THE LEX COLUMN

Clearers breathe more easily

The clearing bankers in their parlours will have a friendly word or two to say about the Price Commission's report on money transmission charges.

Index rose 6.8 to 453.5



Some of these matters were clearly outside the Commission's terms of reference, but it has made little effort to recognise the fact that the banks' underlying cost structure is now badly out of line with the declining volume of real business now passing through the branches.

Over the past couple of years the banks have protected their profits by defensively widening the gap between their base and seven day deposit rates but as the Commission points out there is little further scope in this direction.

At least the Price Commission comes out strongly against the accounting mumbo-jumbo of the " Leach Lawson " rules. It sees no reason why the banks should not draw up their accounts on a conventional basis and disclose the full extent of their general provisions against bad and doubtful debts, which in any case are widely known to represent between 1-1 1/2 per cent. of their advances. It seems that in principle the banks do not oppose full disclosure but they are not going to be hurried. They will not wish for instance to lose the residual protection which " Leach Lawson " could give to their P and L accounts in a 1974 type situation.

Hawker Siddeley

The latest report from Hawker Siddeley shows net cash of no less than £98m. in its balance sheet at the end of 1977, a degree of improvement surprising even in the wake of aircraft nationalisation. For comparison the end-1976 net cash holding was just £15m., while since nationalisation, Hawker has been repaid aerospace loans of £48.7m. (It has agreed to treat a residual £75m. internal capital spending end of the year.

programme which is weighted towards diesels and electric motors.

Atlantic Assets

When the Edinburgh investment management house Lyons and Sims sought new capital two years ago it went to an independent source, Amex Bank which picked up 30 per cent. of the equity. But now in issuing further block of equity for £540,000 in cash, it has turned to the publicly quoted investment trust, Atlantic Assets which is, of course, a management client. Apparently Atlantic has paid no more than the Amex price, and the p/e is now lower. But in an industry notorious for its inter-relationships it would have been reassuring to see rather more detail provided than simply a bald statement of Atlantic Assets' fait accompli.

OCL

Overseas Containers Limited (OCL) has now firmly established itself as the most profitable U.K. shipping company. Whereas profits of its two main shareholders, Ocean Transport and P and O, are under growth pressure, OCL has managed to push its pre-tax profits 28.2% higher to £48.7m.

This performance comes after some substantial adverse currency movement in 1977. Leaving aside the exchange losses of £4.3m. on foreign currency loans, OCL reckons that the strengthening of the pound knocked an additional £7.0m. off its profits and that the depreciation of the dollar against the pound was £4.2m. higher. Not that OCL is without problems. It has virtually completed its major containerisation programme and growth for now on is going to be far more pedestrian. The continuing Southampton dock dispute costing it close to £0.5m. per week in extra transhipment while the Trans-Siberia railroads poses a serious threat to its electric motors slide. In mechanical engineering the main growth has come at the heavier end of the diesel market.

This year orders could be a little harder to find, but Hawker still strikes a confident note. In any case the main interest is going to centre on the group's reinvestment programme, and in the pack is currencies, while the group is not forthcoming about its acquisitions against the dollar the profit plans it is less bashful about a ture could look more rosy by the end of the year.

Dreamland Group

Europe's Largest Manufacturer of Electric Blankets

Record Turnover and Profit

| YEAR'S RESULTS IN £000's | 1977 | 1976 | 1975 |
|---|-------|-------|-------|
| Total Turnover | 6,732 | 5,281 | 5,443 |
| Trading Profit | 740 | 336 | 698 |
| Less: Interest Charges and Royalties Received Net | 36 | 82 | 183 |
| Profit before Tax | 704 | 254 | 515 |
| Profit after Tax | 571 | 200 | 337 |

The Directors recommend a final dividend of 1.741p per share (1976 - 1.525p) making a total of 2.541p per share for the year, the maximum allowable.

The Company successfully met customer demand during the year and the improvement in trading activity reported in the Interim Statement continued for the rest of the financial year. This, coupled with reduced interest charges, resulted in the record pre-tax profit shown.

Orders and deliveries for the first quarter of the current year are well up to expectation and continue to reflect the steady increase in consumer demand for our products.

In view of this, and in the absence of unforeseen circumstances, the Directors consider that a further advance in profit should be achieved in the forthcoming year.

DREAMLAND MONOGRAM ALARMLINE

Dreamland Electrical Appliances Limited, Hythe, Southampton SO4 6YE